

REPORT

OF A

COMMITTEE

OF THE

Liverpool East India Association,

APPOINTED TO TAKE INTO CONSIDERATION

THE

RESTRICTIONS ON THE EAST INDIA TRADE.

PRESENTED TO THE ASSOCIATION

AT A GENERAL MEETING, 9th MAY 1822,

AND ORDERED TO BE PRINTED.

LIVERPOOL:

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By James Smith.

1822.

REPORT, &c.

IN pursuance of your directions, your Committee have taken into consideration the restrictions by which the commerce of this country with the East Indies is limited and embarrassed, and have agreed to the following report.

Your Committee proceed, in the first place, to recite the causes which interfere with the extension of a trade, proved by experience to afford a field for the employment of British capital, skill, and enterprise, beyond the most sanguine expectations of those who interested themselves in procuring the establishment of the free trade, and of the most experienced residents in India.

These causes your Committee conceive to consist in,

1st, The restrictions as to tonnage.

2nd, The restriction of British ships to certain ports.

3rd, The system of licensing, both as to ships and persons.

4th, The restriction which prevents British merchants from trading between China and the Continent of Europe.

5th, The restrictions imposed upon the importation of sugar into this country from the East Indies.

Upon the first four points, your Committee have to remark generally, that when the trade to our possessions in India was thrown open, many forms and restrictions were in theory considered necessary, which have in practice been found not only injurious to the trade, but wholly unimportant as to the ends proposed. This subject, however, seems now to be more generally understood, and to have been taken up by the Legislature in such a way as to induce the hope that, ere long, those remedies will be applied, which the nature of the case, and common sense require. This your Committee do not state as a reason why your efforts to bring about a more liberal and rational system should be relaxed; but they refer to it in order to show why, in the execution of the duty you have assigned them, they have not thought it necessary to enter into minute detail.

As the reports* of the Committees of the Lords and Commons on foreign trade, contain a great body of enlightened principles and important

* See Appendix.

facts, illustrative of this branch of the subject, your Committee beg to present them to you, with the result of their own more humble investigation; and they now proceed to offer a few remarks on each of the heads into which they have divided their inquiry.

1st. The existing restrictions upon the tonnage of shipping employed in the East India trade, are unquestionably impolitic in a general view, oppressive to individuals, and justified by no plea of expediency or necessity. To account for their ever having been imposed, it is necessary to look back to the period when the trade with India was first opened. At that time an opinion, extremely erroneous, and unjust to the character of the outports, prevailed; and it was industriously propagated by the enemies of the measure, that smuggling, more particularly in small vessels, was likely to be carried on there to a much greater extent than in London.

It was also urged, that vessels of 350 tons register were as small as could, with safety to the vessels and crews, be employed in such distant voyages; that the number of ships above that size belonging to the country, were amply sufficient to carry on all the trade between this Country and our Asiatic dominions, without abstracting an undue proportion from other branches; and that therefore, while it was proper to guard the owners of small vessels from the

injurious effects of their ignorance or cupidity, the interests of the ship-owners at large could not be prejudiced by this prudent regulation.

Your Committee may appeal to experience to show the fallacy of these opinions. Infractions of the Revenue Laws are as rare in the out-ports as in the metropolis; and since the trade to India has been extended to the former, a very extensive commerce has been opened with the western coast of South America; a voyage nearly as long, and more difficult and hazardous than that to India; and yet the greater proportion of the ships employed in this trade, is considerably under the rate which the laws have fixed for those employed in the intercourse between India and this country. Vessels of 100 to 200 tons, proceed at all seasons round Cape Horn; and as the trade continues to be carried on in vessels of this description, it may be inferred that their owners find them adapted to the voyage. However, putting out of view the extreme injustice of excluding from any branch of lawful trade, so large a portion of the subjects of this country, it is indisputable that, in many cases, a small vessel may be profitably employed where a large one cannot be employed at all.

The expense of navigating a small vessel may be comparatively greater, but the advantage of despatch will frequently more than counter-balance it. A cargo may often be procured for the one, when it cannot for the other. A parti-

cular adventure may require only a small vessel, whilst the existing necessity of employing a large one, would render that adventure altogether impracticable.

As a proof of the expediency of permitting the trade with India in vessels of any size, it may be mentioned, that a profitable and extensive traffic with the countries situated on the eastern coast of the Bay of Bengal, and the islands of the eastern Archipelago, is chiefly carried on in American vessels of about 200 tons, and in vessels belonging to Calcutta of various sizes, but mostly of a small class. It would be of great importance to the manufacturing interest, if every possible degree of encouragement and facility were given to this branch of commerce, as many of our fabrics are particularly suited for the consumption of those countries. Already our manufactures constitute a principal part of the means by which those who now carry on this trade are enabled to pay for the products of those countries; but as the British merchant would be able to furnish them direct, on much more moderate terms, it may be reasonably concluded, that a corresponding increase in the consumption would be the consequence.

That so singular a prohibition should be suffered to exist, can only be attributed to some unfounded apprehensions as to the security of the

revenue; but why extraordinary precautions should be deemed necessary with vessels arriving from India, your Committee are at a loss to conjecture. The high duties to which many articles, imported from the continent of Europe, are liable, hold out the same temptation to the smuggler, and the proximity of the ports of shipment must afford him facilities in making his arrangements, which cannot apply to vessels arriving from so great a distance. In fact, it is the height of absurdity to suppose, that any person designing to smuggle East India products into England, would commence his operation by despatching a ship from Great Britain to import a cargo from India, when he might, with so much greater facility, commence that operation in the neighbouring ports of the Continent; all arguments, therefore, as to the danger of the revenue upon this ground, are futile.

That the Legislature have become converts to these opinions, may be fairly inferred from their having passed an act, during the last session of Parliament, which permits British vessels, *of any size*, to trade between any country in amity with us and our Indian possessions. Thus, a vessel of 200 tons may proceed from Rotterdam, Hamburg, or Havre de Grace, and trade to all places within the limits of the Company's charter, and return to any friendly port; but if below 350 tons,

she cannot clear out from, or return to, any port of the United Kingdom.*

2nd. The restrictions which confine British ships to the principal settlements, and exclude them from the minor ports of India, seem to have had their origin in the vague and unfounded notion entertained by the Company, of danger arising to their government, from giving free access to any but their principal settlements; a notion which your Committee conceive it unnecessary to combat, for it can scarcely be urged, at this period of our more advanced knowledge of the real situation of the country: but it was well suited, at the time, to excite the fears of the Legislature, and it saved a great part of the Company's monopoly. It cannot be proved that there is any ground why British ships should not be allowed, equally with Foreigners, to go to whatever ports they please.

Your Committee state, that this argument is the only one which they have been able to discover, in support of these restrictions; and if any other had existed, it would certainly have been found in the evidence taken before the two Houses of Parliament.

* See Report of the House of Commons, in the Appendix, page 25.

3rd. With respect to the restrictions imposed by licences on ships and persons. First, as to ships.

Your Committee are wholly at a loss to conceive upon what principle the necessity for a licence was founded. No one object of the least utility, either public or private, seems to be gained by it; and as the Company have not the power to refuse a licence to any ship-owner applying, it seems a perfect absurdity to require him to ask for that which they must grant; whilst the expense attached to it is a tax upon the free trade. It is frequently the occasion of delay, and always of trouble. Should the master of a ship die, or any occurrence take place to prevent his going out in the ship, just when she is on the point of sailing, it is requisite to have the name of the new master endorsed upon the licence; and as this can only be done upon court-days, delays (in general very inconvenient, and often highly oppressive) are the consequence to those merchants who reside in the outports. This is not an imaginary case; some of your members have had their ships detained ten days, in consequence of this unnecessary regulation. Further, if from any reason the licence should not contain permission to go to all the three presidencies, and there should be any object in sending the ship to a second port, after her arrival in

India, the merchant is unable to avail himself of this advantage, without the delay of petitioning the Governor General in Council. Two Liverpool ships were detained several months at Bombay, in the year 1820, on that account.

Next, as to persons.

Your Committee need scarcely mention that individuals cannot go out to India, either to reside or for the casual purpose of trade, without the permission of the Company ; which permission it is extremely difficult to obtain, and it is always granted as a matter of special favour. That this must be a great impediment to the extension and freedom of commerce, is evident, inasmuch as it obliges the merchant or manufacturer to entrust his concerns to a limited body, over whom he cannot have that control which is essential to his interests ; and it must evidently tend to check or annihilate that competition which is conducive to the true interests of commerce. Foreigners are allowed, at their own will, and without question, to repair to British settlements in India ; whilst English subjects are, on the slightest grounds, prevented. The absurdity and injurious effects of this distinction are so apparent, that it is scarcely necessary to do more than advert to the existence of such an obstacle, to obtain its removal.

4th. The fourth point is, the restriction which prevents British merchants from trading to China,

and returning from that country to the ports of the Continent—a trade which the Company never have carried on.

It is impossible for the public at large to look upon the existence of this restriction without feelings of the deepest mortification. Why should the Company so tenaciously adhere to the strict letter of their charter, as to prevent British subjects from carrying on that trade which we see foreigners pursuing from our own ports; whilst the British shipping interest is languishing for want of employment, and totally precluded from a trade open to all foreigners? But this is not all; this restriction, which might be done away without substantially interfering with any part of the monopoly which the Company enjoy, or with the spirit of their charter, operates most injuriously upon the trade which might be carried on in British manufactures to the Indian Archipelago. The inhabitants of the eastern islands are both desirous and capable of consuming an immense quantity of British manufactures and staple commodities; but they have not the means of affording, in their own products, a full return of articles suitable for the consumption of Europe, excepting through the medium of their trade with China. Were British merchants, therefore, allowed to proceed to China, and carry Chinese productions to the continent of Europe, they would sail, in the first instance, to the

islands of the Indian Archipelago, with a cargo of British manufactures and staple commodities, which they would exchange with the inhabitants of those countries for such of their productions as are suitable for the Chinese market: these they would again exchange for the teas, silks, and nankeens of China, and convey them to the ports of the European continent. Thus might there be secured to the British manufacturer an increased demand for his productions. This trade, however, which there is the most abundant evidence to prove might be followed advantageously, is wholly prohibited to the British merchant and ship-owner; whilst it is actually carried on by foreigners from our own ports.

Another striking circumstance is, that, by the operation of the Company's monopoly, this country is deprived of the valuable fur trade, which might be carried on with the western shores of America. Such are the disadvantages under which British subjects labour, that China, the best market for furs, is closed to them; whilst it is open to the Americans, and every other nation. Thus, the North West Company, who have tried to carry it on by licence, have been so embarrassed by the regulations of the Company, that they have abandoned that part of their business; of which the Americans have not failed to avail themselves. Thus, the immense supply of furs, obtained from the islands lately discovered, by a

British subject, in the South Seas, has tended little to the advantage of British subjects, who are the only people that cannot avail themselves of their own discovery, being denied access to the nearest and greatest market; whilst the Americans, as usual, have stepped in, and reaped the advantages offered.

And what, it may well be asked, are the arguments which have been advanced by the East India Company, in opposition to the representations which have been made upon this subject? It is fortunate for your purpose, that this curious and interesting question has been extensively pursued, in the investigation instituted by the two Houses of Parliament, before whom a body of evidence has been laid, conclusive as respects the positions for which your Committee are contending.

It has been urged, that the Company and their servants, who now carry on this trade, already supply the markets of China with all the produce of our industry, which that country is capable of taking off, and that the trade is incapable of further extension. Exactly the same argument was used by them to prove, that no benefit would accrue to this country by throwing open the trade to our Indian possessions; and yet how completely has experience proved the assertion to be fallacious; the demand for our productions having exceeded the most sanguine

expectations of those who were contending for an open trade. Is it not certain, that if the British trader were allowed to carry the productions of his own country, unfettered with the expenses and impediments inseparable from the commercial operations of such bodies as the East India Company, precisely the same consequences would follow with respect to the demand for our productions in China, which have been the result of the partial opening of the trade to our Indian possessions?

But the most singular argument that has been brought forward, has yet to be noticed, and if we did not know that it had been advanced, it would not have been possible to convince us that any one could have been found to maintain such a position. It has been stated, that the Chinese are such an extremely jealous nation, that there would be the utmost danger of entirely losing our trade with them, if it were thrown open indiscriminately to British adventurers. The question was naturally asked, if this were the case, how did it happen that the Americans carried on so large and increasing a trade with China, without any of those consequences which had been predicted, if British subjects were permitted to participate? Can it be believed, that the only reason alleged before the Parliamentary Committee, was, *that the American seamen are of so orderly a character, so much under subordination, and so superior*

in their general conduct, that there is no danger of their getting into any dispute with the Chinese ; whilst the British seamen are such irascible, insubordinate beings, that it would be quite impossible to keep them within bounds, and that if admitted into China indiscriminately, they would be certain to commit some act that would cause the Chinese to stop entirely the trade with British subjects. This imputation upon the character of British seamen, every ship-owner will indignantly attest to be as unjust as it is unfounded.

Your Committee will conclude this part of the subject by stating, that as the Company do not partake in the trade carried on by foreigners in tea to the Continent of Europe ; nor in furs from the north-west coast of America, or from South Shetland ; nor in most of the products of the eastern islands to China ; nor in several other branches of eastern commerce, but confine themselves to the valuable monopoly of supplying this kingdom with tea ; they cannot conceive any reason why these pursuits should not be rendered available to the capital, skill, and enterprise of British subjects. With this they are the more strongly impressed, by the conviction that the repeated instances of the advantages obtained, more particularly by the Americans, from the comparative freedom of their commercial system, prove how necessary it is that the restrictions on British commerce should be immediately

removed ; for the delay of such removal gives time for the establishment and growth of the commerce of other countries, and every day renders British rivalry a more difficult undertaking.*

Your Committee now proceed to the more important part of their labour, as being that out of which their appointment more immediately arose, viz. the fifth and last point, “ The restrictions imposed upon the importation of sugar from our Eastern possessions.”

It will be remembered, that when the trade to India was thrown open, the protecting duty on East India sugar, in favour of that from the West, was fixed at 10s, without any distinction

* Some of your Committee, who have travelled through the United States, have been particularly struck with the fact, that most of the large commercial fortunes in that country have been made in the trade between China and the Indian Archipelago and Europe;—a most lucrative trade, in which the East India Company have never engaged, but which their monopoly has transferred from their countrymen to foreigners.

A general view of the commerce of America demonstrates, that their trade with the East, exempt from those convulsions to which other branches have been subject, is the only one which has been almost uniformly profitable. In Salem, a small town of Massachusetts, scarcely known in this country, it was estimated that in 1816 nearly 17,000 tons were engaged in this trade. Instances are occasionally pointed out to Englishmen, of fortunes almost without a parallel in Europe, founded, as the Americans tauntingly observe, on the system of British restrictions.

as to the quality, or the countries in the East from which it came; and that last session of Parliament, an attempt was made by the West India planters and merchants, to lay a further duty of 2s 6d on all soft sugar from our own territories, of 5s upon all such sugar as was equal to clayed, and a prohibitory duty upon all sugar not the produce of the British territories. That they succeeded so far as to get an act passed, laying a further duty of 5s upon clayed, and the prohibitory duty upon Foreign East India sugar; it being understood that this act was to be in force for one year only, and to be open to further consideration.

Whatever, then, may have been the understanding between the East and the West India interests, as to the original compact, it is clear that the West Indians, from their own acts, have considered it as one which might be revised, and which was not in fact binding upon either party. If so, it is equally as open to the East Indian to seek for such revision of it, as will lead to a reduction of the duty, as it is for the West Indian to seek for a further increase. It is now, therefore, the object of your Committee to show, that so far from any increase being founded on the just claims of the West Indians, or on motives of good policy, the paramount interests of the country require, not only that the duty on East India sugar should be reduced, but that no pro-

protecting duty whatever should exist. For it can be clearly proved, that to grant the request of the West Indians, or to refuse that for which the East Indians are now suing, would be to sacrifice the interest of one hundred and twenty millions of British subjects, to that of less than one million.

What may have been the data, upon which the calculation was founded for fixing the discriminating duty between East and West India sugar at 10s per cwt., your Committee have not been able to discover. They are inclined to believe that nothing beyond loose estimates were ever made, and that these were too easily admitted by those who were most active in carrying into effect the arrangements for opening the trade to India ; and who, it should be remembered, could not possibly be possessed of that information upon the subject, and that experience, which eight years of a free trade with our Eastern dominions have given to the public. This your Committee may state without at all disparaging the exertions of those with whom the important affair then rested ; to have effected more, with the information which they then possessed, was scarcely to be expected. It should also be borne in mind, that no just idea was entertained of the demand which would arise in India for our productions, or of her capability to offer, in return, a quantity adequate to our consumption.

Experience, however, has supplied this information; and your Committee will now proceed to investigate the grounds upon which the West Indians claim protection.

1st, The cheaper rate at which sugar can be produced in the East than in the West.

2nd, That by long practice, and by the direct encouragement which has been held out by the Legislature, British capitalists have been induced to invest their property in the plantations of the West, under the sanction of a protecting duty.

3rd, That the West Indians labour under restrictions which do not affect the East; the former being obliged to send all their produce to the mother country, and thence to draw their supplies, whilst the latter are at liberty to send theirs to any part of the globe.

These your Committee conceive to be the only reasons upon which the West Indians found their claim to extraordinary protection. But your Committee contend, that the last is the only ground on which any protection whatever should have been extended to them. As, however, much misrepresentation has gone forth upon these points, and much clamour has been raised, your Committee will endeavour to meet them, and with all possible brevity.

With regard to the 1st,—that sugar can be produced much cheaper in the East than in the West Indies. Your Committee submit, that this is a

strong reason why the claims of the West Indians should *not* be conceded. With regard to the 2nd ground of protection, which has been so boldly advanced by the West Indians, your Committee confess that, with most others, they were ready to suppose some covenant or agreement existed, under which they laid claim to this protection; and which they describe as “a vested right.” This vested right, however, to which the West Indians have so confidently adverted, has no other foundation whatever than the acts of Parliament restricting their intercourse to the mother country; this, as forming the third point, your Committee will hereafter discuss. If there be any other restrictive regulations affecting the two first grounds stated, your Committee have never heard of them, and they call upon the West Indians to show them. They absolutely and unequivocally deny that any such exist.

The matter then resolves itself into this: that because the West Indians have enjoyed the monopoly of the home-market for a length of time, they are still entitled to enjoy it, notwithstanding the interests of more than ninety-nine parts out of the hundred require that it should cease. To assert that, because they have had it, they are still to have it, would be to contend, that because a great many people who used to be employed in the manufacture of cotton, or other articles, by hand, are thrown out of employ

by the invention of machinery, a tax upon machinery should therefore be levied, by which the advantage of that machinery shall be reduced to the same level as that derived from the old mode ; it would be to say, that because the conveyance by canal has been found much more cheap and convenient than the old mode of conveyance by waggon, a tax should therefore be laid upon canal conveyance, to reduce the advantage which the public derive from the new mode of conveyance to the same level, for the sake of protecting the old ; it would be to say, that because the Company have for a long series of years enjoyed the privilege of an exclusive trade to India, they shall still continue to enjoy that exclusive privilege, notwithstanding the general interests of the community require its abolition.

But, say the West Indians, a prodigious amount of capital has been invested in our West India possessions under the faith of protection. Where that faith is pledged, your Committee are at a loss to discover ; and they confidently assert that it has no foundation, but in the vague ideas of those who have stated it. If they have so invested capital, they have done it as people in all other circumstances have invested capital, because they have thought it their interest, and without any other view at the time than the simple remuneration which they expected

to derive from the terms offered to them. If for this they are entitled to protection, as well might any other class of men seek for protection from the Legislature, because their hopes of gain have been defeated by the superior skill, or more advantageous circumstances of others. Just upon the same ground might the manufacturer, who had invested capital in the rude and badly constructed machinery formerly used in the cotton manufacture, have sought protection from the Legislature against the superior machinery of an Arkwright; or the man who, from the circumstances of the times, had been induced to invest capital in poor and unproductive land, seek for the protection of that capital by a tax upon the more productive land of his neighbours. To advance such arguments as these, would be thought the height of folly; yet such, and such only, are the arguments of the West Indians; unless they can show that they possess a vested right to the discriminating duty. To prove this, it is requisite to produce some title as clear as that which the East India Company derive from their charter.

Your Committee would have been satisfied to rest this part of the question upon its own merits; but having been led, in the course of their investigation, to look into the rise and progress of the duties upon sugar, they have discovered facts which prove, incontrovertibly, that up to the

year 1813, the duties were imposed for the sake of revenue only, and that no such *protection* as the West Indians seek from a discriminating duty upon sugar, the produce of our East Indian possessions, ever has been contemplated by the Legislature. Yet, from the ground assumed by the West Indians, who is there that would not suppose this has been a right belonging to them of as old a standing as the Colonies.

The first act of Parliament relative to the duties on sugar, to which it will be necessary to recur, was passed in the year 1787, being the 27th Geo. III. cap. 13, whereby the duties on West India sugar were fixed at 12s 4d for brown, and 29s for white, and the duty on East India sugar at £37 16s 3d for every £100 of the value, as ascertained by the Company's sales. In the year 1791, by the 31st Geo. III. cap. 15, a further duty of 2s 8d per cwt. was imposed upon West India sugar generally, making that on brown 15s, and on white 31s 8d per cwt. leaving the duty on East India as before, at £37 16s 3d per cent. In the year 1797, by 37 Geo. III. cap. 15, a further duty of 2s 6d per cwt. was imposed upon all sugar, making that upon West India brown 17s 6d per cwt. East India white and brown 2s 6d per cwt. in addition to the ad valorem duty of £37 16s 3d per cent, and on West India white 34s 2d per cwt. In the year 1803, a further increase of the duty on sugar took

place; and the mode of collecting it upon East India sugar was altered from an ad valorem to a rated duty, by the 43d Geo. III. cap. 68, whereby the duty imposed on West India brown sugar was 20s, on East India without distinction of quality 22s, and on *West India white* 23s 4d.* In the year 1809, by the 49th Geo. III. cap. 98, the duties were again raised to the same rate as at present payable, so far as regards West India sugar; those on West India brown being 30s, and on East India, again without reference to quality, 33s, and on *West India white* 35s.† The next enactment relative to this article, was in the year 1813, by the 54th Geo. III. cap. 36, when no alteration was made with reference to West India sugar, but the duties on East India sugar were raised from 33s to 40s per cwt.—still without distinction of quality. Since that date no change has been made in the duties, till the last session of Parliament, when the West Indians sought to impose a further discriminating duty upon East India sugar, and succeeded in obtaining upon sugar, the produce of our Asiatic

* There were several additional duties imposed by 43 Geo. 3, c. 70; 44 Geo. 3, c. 53; 45 Geo. 3, c. 29, and 46 Geo. 3, c. 42; but as these enactments introduced no new principle, your Committee deem it unnecessary to do more than recite them.

† The duties imposed by the 49th and 54th Geo. III. are subject to a reduction of 3s 7^½ cwt. when the average price, as published in the Gazette, is under 47s 7^½ cwt.

dominions, of a quality equal to clayed, 5s per cwt., and a prohibitory duty upon all foreign East India sugar.

Up to the period then of 1803, the duty being levied by a rate *ad valorem*, it necessarily fluctuated with the price of the article, being sometimes above and sometimes below that paid upon West India sugar. So long as it remained above the latter, the West Indians, of course, took no notice of the subject; but in the year 1802, when, by the operation of political causes, the prices of sugar became very much depressed, their attention was naturally called to the question. Then you find them memorialising the Legislature; then you find them complaining that the duty upon East India sugar was lower than upon that from the West; and calling for an equalization. It is very important to mark the result. If the Legislature had considered that any protection was due to the West India planter against the East, of the nature or to the extent now claimed, or in any way founded upon what arose from the operation of the *ad valorem* duty upon high prices, they would have so altered the duty as to produce this effect. What is the fact? To provide against similar contingencies from the fluctuation of prices, the mode of collecting the duty upon East India sugar was altered from an *ad valorem* to a rated duty; and whilst it was raised upon all kinds, that upon East India was fixed at 22s, without dis-

inction of quality ; and that upon West India at 20s for brown and 23s 4d for white. Again, when the act of 1809 was passed, and the duties on all kinds were further raised, the same proportion was observed ; and it is clear that this act, like that of 1787, was passed simply for the purposes of revenue, and not for the protection of the West India planters. If it had been with any view to the latter purpose, a real and substantial difference would have been made ; yet even then West India sugar is charged under two distinct heads, whilst that from the East is admitted without distinction of quality, and at a rate between that imposed upon the brown and white of the West.

Hence your Committee contend, that neither to the year 1787, nor to the year 1803, nor yet to the year 1809, *but to the year 1813*, must the West Indians refer, as the commencement of the period of their protection against the sugar of the East.

Your Committee have not considered it necessary to lay before you any account of the duties on sugar prior to the year 1787 ; for whatever they may have been before that date can make no difference in the argument, that would not be in favour of the case which they have endeavoured to establish. If they had previously been higher upon East India sugar than upon that from the West, it would only be a still stronger proof that the claim to a discriminating

duty in favour of the West Indians was unfounded. If they were lower, it would only prove that it was deemed but fair to lessen the amount of the difference which existed in favour of the East. It is further evident, that no intention was entertained in the year of 1787, to impose a discriminating duty on East India sugar ; for the rate of duty then levied was between that laid upon West India under the two denominations of brown at 12s 4d and white at 29s; and as a considerable proportion of the sugar then imported from the West Indies was white, and paid the high duty of 29s, the *ad valorem* duty upon that from the East Indies would, in fact, be under the mean of the two duties on West India sugar.

Thus, your Committee conceive, it is established as a fact beyond all controversy, that the assumption of the West Indians, that they have invested property upon the faith of prescriptive rights to a protecting duty against East India sugar, is a most unfounded assertion. It cannot be necessary to state that no claim can be set up for transactions which have taken place since 1813, in consequence of the additional 7s being imposed, for that, it has been shown, was a matter left open to future revision.

Your Committee would have dropped the subject here, were it not barely possible that they may be called upon to notice two other topics

which have been laid before the public, in some late productions from the West India interest. It has been gravely contended, 1st, That this is a question in which the maritime interests of the country are involved, as respects the quantum of British shipping and British seamen that have been employed by the West India trade; meaning thereby to infer, that these would be lessened by withdrawing the protection which that trade has hitherto enjoyed. 2nd, That the revenue which the country has derived from the duties on West India sugar, would be lessened, provided the protection which the West Indians have hitherto enjoyed, was withdrawn. These arguments, if they can be called such, have been used merely to catch the unthinking, and are almost too frivolous to be noticed; and yet, as they have been gravely advanced by no less important a body than the House of Assembly of Jamaica, your Committee cannot omit reminding you, that while sugar can be produced as cheap to the community as at present, an equal quantity of it will be consumed, and the revenue remain the same; and as the distance from which East India sugar has to be conveyed is greater, a greater quantum of British shipping and British seamen will be employed, and the trade will remain undiminished. This would be the case if the quantity of sugar imported and consumed remained the same; but, as the price will be reduced, if your labours

are successful, a greater quantity will be consumed; and thus both these important interests, instead of being injured, will be benefited.

Your Committee have, in the foregoing argument, chiefly dwelt upon the second ground for protection set up by the West Indians; conceiving it of more importance than that which has been advanced in the first ground, namely, the cheaper mode of culture in the East; but many of their observations are equally applicable to both. As much has been said upon this subject, it may not, however, be amiss to enter a little into it, to show the protection which the West Indians enjoy from the relative situation of the East and the West. The West Indians say, that the expense of conveyance from the East has fallen three-fourths, whilst that from the West has not fallen in proportion; but your Committee cannot imagine that any part of the mercantile community can be misled by so unfounded an assertion. That in the great superabundance of shipping which crowded into the Indian ports after the war, there have been instances in which unusually low freights have been accepted from the East, is true; but it must be evident, that such an unnatural state of things cannot continue, for the rate of freight will ultimately be regulated by the distance and expense of navigation.

The West Indians have stated that freights in the East Indies have fallen from £20 to £5, whilst

those from the West have only fallen from £10 and £12 to £5 and £6; but how does this arise? These West India freights of £5 and £6 are only paid by such planters as happen unfortunately to have their estates mortgaged—such are compelled to ship their produce in the ships belonging to the mortgagees, who are merchants residing in this country, and ship-owners. Thus the planter is left at the mercy of the ship-owner, who prevents all competition for the conveyance of his products. But whilst the West Indians state that such are the freights from the West Indies, they omit to state that those planters who are independent can have their sugars conveyed home at £3 to £4. Hence, in these times of depression, the West Indians who are left unfettered by private bargains, with which the country can have nothing to do, might have their produce conveyed at a proportionate reduction, if it be taken into view that the low freights which have been paid from the East cannot continue, not being an adequate remuneration to the ship-owner.

The 3rd ground of claim is, that the West Indians are compelled to convey their produce wholly to Great Britain, and thence to draw their supplies, whilst the East Indians are at liberty to send their productions to any quarter of the globe. Admitting the position to be true to all its extent, which it is not, they can only be entitled, on this account, to the expense of transporting their produce from Great

Britain to the continent of Europe; and it will not be contended that this can amount to 10s per cwt. upon sugar. Your Committee will proceed to show what it would be:—the freight from Great Britain to the Continent, taking it at the average rate of London and the out-ports, will not be more than 1s per cwt., and the other charges are not more than 2s 6d, making the difference of expense which would be incurred not more than 3s 6d per cwt. It will be said, that, including insurance and commission, (which last, however, is not a fair charge in a mere trans-shipment,) it will amount to more; but in reply to this, it must be borne in mind, that there are some restrictions upon foreign ships in India. British ships export at a cheaper rate by $2\frac{1}{2}$ per cent upon a fixed value, amounting to nearly the present rate of good sugar in that country; and this alone would not only pay for the additional insurance, but for a portion of the trans-shipping charges; so that the extra expense to which shipments in foreign vessels are subject in the East Indies, would fairly reduce this difference in the alleged situation of the East and the West Indies to three shillings.

Your Committee have denied that the position taken by the West Indians in the third ground, is true to its full extent; and they would have deemed it unnecessary to have entered into any proof of their assertion, but for the unqualified

manner in which the West Indians have insisted that they do lie under these restrictions ; whereby many who have not examined into the question, may have been misled. What is the fact ? As the law now stands, the West Indians may, under licence, send their sugar in British ships to any part of Europe south of Cape Finisterre. The only parts of Europe from which they are excluded, are those north of Cape Finisterre. The assertion, therefore, of the West Indians, is not true to its full extent ; and as those ports from which they are excluded, are so situated that they must pass by their own ports to arrive at them, your Committee conceive they are correct in calculating, that the extra charge which they would incur upon landing their sugar in Great Britain, and afterwards reshipping it to the Continent, would not exceed 3s per cwt. This rate, then, they contend, is the only one which can be admitted as a protecting duty, so long as the laws affecting the West India trade remain in their present state, unless the more important interests of the larger body, are to be sacrificed to that of the smaller.

Your Committee have, for the sake of clearness, kept by itself that part of the argument which relates to the restrictions upon the West Indians, as to the source whence the islands are compelled to draw their supplies ; and which, though of comparatively trifling importance, it may still be contended, is a ground for protection.

In discussing this branch of the question, your Committee would first premise, that it has been too much the habit to consider our West India territories as an integral part of the country, whilst those in the East have been considered in a degree as foreign ; but whoever will look fairly at the subject, must be convinced that, though the one be governed directly from the Crown, and the other through a subordinate medium, the latter is, in fact, governed by the Crown, and is, to all intents and purposes, just as much a British territory. In the one, it is said that we hold land, whilst in the other we do not, but where is the difference ? is the land of any value whatever without the people who are to cultivate it ? and is not our power over the people in one case, fully as great as in the other ? If any difference exist, is it not more firm over the East India population than over the West ? the first supported by ~~its~~^{their} deference to their laws and prejudices, and by the attention which is paid to distribute equal justice ; the latter endangered by the various causes of disunion, necessarily incident to a system of slavery. Your Committee, therefore, contending upon these grounds, that the one is as much a British possession as the other ; further contend, that they are justified in opposing the regulations affecting the one, to similar regulations affecting the other. The West Indians contend, that they are entitled to pro-

tection because we compel them to draw their supplies from us. These supplies consist of clothing and lumber, with some trifling articles wanted for their use in the culture of the islands. It is true that the lumber, and the small portion of food which they want in addition to their own growth, might be obtained cheaper by an unrestricted intercourse with America; but it will not be contended that clothing, and all other articles necessary for their use, excepting this small portion of their food and the lumber, cannot be obtained cheaper in Great Britain than elsewhere. Such, then, is the sum of the claim of the West Indians to protection on this account.

Your Committee will now inquire what restrictions of the same nature affect the East Indians. We, by our control over them, prevent their trading with any other country than our own, upon the same terms, by laying a duty upon all articles from other countries, amounting to from ten to twenty per cent; whilst those from Great Britain are either wholly free, or charged with a duty not exceeding two and a half per cent. We also fetter Indian products when exported in any but British ships, either by imposing a duty, or withholding a drawback. Besides which, our manufactures are admitted into that country either free, or at the small duty of two and a half per cent; by which a portion of the labour of the manufacturing classes in India is displaced.

This, it is fair to presume, the East Indian, if free from our control, would counteract by some heavier impost on our manufactures so imported, unless we would, in return, admit his products to our consumption without any discriminative restrictions. Thus, without any other circumstance, your Committee contend, that in the internal regulations which our power has established in the East, is created a compensation for the internal regulations which the same power has established in the West, and of which the West Indians complain.

There is another circumstance, which the West Indians have with care kept out of sight. The government of the West Indies is maintained at an enormous expense, not raised by contributions from the planter, but from taxes imposed upon the British public, in addition to the high price which we are compelled to pay them for such of their products as we consume; whilst the whole expense of the government of the East is defrayed, not by taxes laid upon the British public, but by imposts laid upon those whose products the West Indian would so unjustly seek to exclude; even the controlling power over the government of the East, established by Parliament, and in the gift of the Crown, is paid for by the people of the East.

Though your Committee have deemed it necessary thus far to discuss the claims of the West

Indians, founded upon the restrictions under which they labour; it cannot be necessary to add more, as Government have brought a bill into Parliament, by which these restrictions will be removed, and thus the whole ground upon which the West Indians have contended for any protecting duty upon East India sugar will be done away.

Having disposed of that part of the question which involves what your Committee conceive to be the rights of the East Indians, they will now proceed to lay before you their opinion upon another not less important part of the subject,—the injurious effects which are produced upon the general interests of the country by the discriminating duty upon sugar, as well as by the exorbitant tax which it pays when taken for home-consumption, and the great benefit which would result to the manufactures, commerce, and revenue of the country, by the adoption of a different system.

Before proceeding to do this, as some part of their argument will depend upon its being shown that the consumption of sugar may be increased to an extent greatly exceeding its present rate, your Committee will lay before you certain facts which, by analogy, will prove, that such would long since have been the case but for the excessive duty; by which the price has been maintained so high, as to put it out of the power of the lower classes to consume it to that extent

which they are disposed to do, if it were supplied to them at a cheaper rate.

In the year 1807, the duty on coffee was reduced from 2s 2d to 7d per lb. Previously to this taking place, the annual consumption of coffee in Great Britain was only 7537 cwt.; but immediately after the reduction of duty, the home-consumption was increased so much, that in

1808 it amounted to 57,276 cwt.

1809 45,071 ,,

1810 49,187 ,,

Being, on an average of those three years, 50,711 cwt. By the account of the produce of the duties on coffee entered for home-consumption in Great Britain, in the three years immediately preceding the reduction of the duty, and in the three years immediately following, it may also be seen what was the effect on the revenue, in consequence of this wise and beneficial measure. The duty raised on coffee in the former period was, per annum, £132,697; the duty in the latter period was, per annum, £180,552, thus benefiting the revenue, whilst it increased the commerce of the country in a much greater ratio. The consumption was, doubtless, afterwards increased materially, by the very low price to which the article was reduced, owing to the state of our intercourse with the Continent; but without going into the annual consumption of each year since, it will be sufficient, perhaps, to mention, that in the year 1819,

the consumption was estimated at 66,000 cwt. being an increase of nearly nine-fold in twelve years. In the year 1819, the duty was raised from 7d to 1s per lb, since which the consumption has not increased.*

The article of cotton, though not affording the same comparative exemplification of what may be produced by a change from a high to a low duty, is yet a striking example of what may be effected by permitting an article to come in at a comparatively low rate, and leaving it unshackled by any restrictive and discriminating regulations. In the years 1701 to 1705, the average importation of Cotton was 1,170,000lb. With occasional fluctuations, arising from causes which it is of no consequence to investigate, the importation and consumption of this article has been increasing at so rapid a rate, that in the year 1820, the importation was 143,897,000lbs; being an increase of one hundred and twenty-fold in the period from 1701 to 1820, or 120 years. This it may not be irrelevant to compare with sugar; the one being an article which has been allowed to come into consumption at duties, as compared with the cost of produc-

* The price of coffee in bond now, is about the same as it was in the year 1807.

tion or the nett price, extremely low, the other being charged with a duty bearing an enormous proportion to the cost of production, or the nett price.

In the year 1699 the consumption of sugar was 10,000 tons.

From 1701 to 1705 it was 13,000 „

„ 1771 „ 1775 „ 76,000 „

„ 1786 „ 1790 „ 82,000 „

„ 1816 „ 1820 „ 138,000 „

1820 151,000 „

Thus showing that, from 1699 to 1820, a period of 122 years, the increase of sugar has been but fifteen-fold, whilst in nearly the same time cotton has increased one hundred and twenty-fold; but to make the comparison more exact, the statement should begin at the same period for each article; and then it will be seen that, in

Tons.

1701 to 1705 the consumption of sugar was 13,000

lb

1701 to 1705 „ import of cotton was 1,170,000

Tons.

1820 „ consumption of sugar was 151,000

lb

1820 „ import of cotton was 143,897,000

By which it appears, that in the same period of 120 years, the one article labouring under excessive duties, has increased only twelve-fold, whilst the

other article has been subject to comparatively low duties and few restrictions; and being thereby brought more freely within the command of the lower classes of society, who form the great bulk of consumers, has increased one hundred and twenty-fold. This, however, your Committee do not mean to state as the comparison between the *consumption* of the two articles in this country; because of late years a very large portion of our importation of cotton has been re-exported in a manufactured state—how much it is not very easy to ascertain, but from some late estimates, it would appear to be about one-half. Hence the increase of the consumption of cotton is sixty-fold, whilst that of sugar is but twelve-fold.

Your Committee having thus established the position which they propose hereafter to assume as one of the grounds of their argument, would not advert to others, if they did not find, in the history of the consumption of sugar, a fact that bears more immediately upon the question, showing that, in this article itself, direct proof is to be found, of what they have sought to establish by analogy. The following statement contains the average Gazette price of sugar in each respective year, together with the amount of the home-consumption in each year:

In		<i>Gazette Average.</i>
1814, the consumption was 121,605 tons...		75s 2d
1815.....	115,713	„ ... 62 5 $\frac{1}{4}$
1816.....	130,000	„ ... 49 2
1817}*	133,399	„ ... 49 4 $\frac{3}{4}$
1818}*	132,110	„ ... 50 2 $\frac{3}{4}$
1819.....	140,236	„ ... 41 6
1820†	151,571	„ ... 36 3 $\frac{1}{4}$

From this it will be seen that, with fluctuations of small importance, the consumption of sugar, in the home-market of Great Britain, has been increasing since the price to the consumer was diminished.‡ Hence your Committee presume, that they have established as a point beyond controversy, that, provided the price of sugar be reduced to the consumer, the consump-

* In making the reductions for the years 1817 and 1818, the average quantity of West India, upon which duty was paid in those two years, was taken ; owing to the whole of the sugar having been taken out of bond at the close of 1817, in the expectation of an increase of duty after the 5th January, 1818.

† We have not the returns of the consumption of 1821, but it is known to have been greater than that of 1820, and the average Gazette price of 1821 is about 32s 6d p cwt .

‡ Since the above was written, a most admirable article upon this question has appeared in the *Edinburgh Review*, No. 72, upon Sir Thos. Bernard's pamphlet on the Salt Tax ; this cites several other articles, which show the same results to have been produced by a change from a high to a low duty, not only in this country, but in others where the experiment has been tried.

tion will be increased to an amazing extent ; and that their conclusion is not merely theoretical. Your Committee have not, however, entered into this detail from any idea that their constituents require such an elucidation to convince them of this fact ; but from the belief, that this question, which is of such vital importance to the community at large, is not understood, so fully as it should be by those who, although not immediately concerned in commercial pursuits, are not the less deeply interested. They have therefore pursued this subject as well for the sake of establishing the ground of part of the question which they purpose to discuss, as from the impression that this report, though addressed to their immediate constituents, would more peculiarly concern the great agricultural and manufacturing interests, upon whose active co-operation your Committee cannot but feel that success mainly depends.

In conclusion, your Committee cannot omit to notice, that not one of the articles which they have enumerated is, from its nature, so capable as sugar, of being brought extensively into consumption, by being offered to the consumers at a lower rate ; whence they argue, that the effect which they have shown to be produced by diminishing the price of other articles, would be produced in a much more remarkable degree, if the same policy were adopted with regard to this.

Your Committee having, as they conceive, established by facts and analogy, that nothing but a lower price is necessary to ensure an extended consumption, will now proceed to show how an increased quantity may be obtained.

Such have been the industry and ingenuity of the people, and such the improvements which have been made in machinery, that the commerce of Great Britain is placed in a high and commanding situation; and her manufacturers are enabled to compete with, or undersell, the manufacturers of every other country. British goods are everywhere sought after, and the demand for them seems to have no limit but that of finding a profitable market for the produce received in return.

But if our improvements extend the market for our manufactures abroad, there must, to render the trade profitable, be a corresponding increase in the consumption of foreign productions at home. It may be asked, how is this to be effected, when we have all the comforts, conveniences, and luxuries of life in great abundance, so that there is no adequate market for what we now have? and how are we to find a market for more? If this great abundance of every thing were within the reach of our whole population; then there would be an end of our wants, there would be no use in the further extension of commerce.

It will, however, be found, that the cause of the want of a market for many articles is, that they are in a very limited degree obtainable by the lower classes; but place them generally within their power, and complaints of a want of demand will soon cease. Their labours have brought us every thing in great abundance, and more than the higher classes of society want; but this abundance is placed beyond the reach of the poor, by excessive or prohibitory duties.

Your Committee conceive, it will be made to appear, that if sugar were only subject to a moderate taxation or duty, the British manufacturer could, in exchange for his goods, procure it in any quantity, so as to sell coarse qualities at $2\frac{1}{2}$ d to 3d, and refined at 5d to 6d per lb.

The extension of sale for our manufactures in the East, would create a corresponding increase of employment at home; and this circumstance, combined with the diminution in the price of sugar, would place the article generally within the reach of the poor. The change would not be simply in quantity, but also in quality. Those who now use brown, would use refined, if they could procure it for the same or a lower price than they are now giving for the brown; and when it is calculated that 56lbs. for every individual in the British empire would, on the present population, make 500,000 tons, it

by no means follows that this ought to be assigned as the limit of our consumption of sugar.

It being an admitted position, that the introduction of some article which would be extensively consumed at home, is the only obstacle to the almost unlimited extension of our commerce, and that sugar would be so consumed, if put within the reach of the people generally, your Committee will now show,

1st. That sugar may be procured in any quantity we may desire.

2ndly. That it may easily be put within the reach of the people generally, and with little or no reduction of the aggregate amount of revenue at present obtained from it.

To be satisfied that sugar may be procured in an almost unlimited quantity, we need only compare the extent and population of our dominions in the East and West Indies. If a population under one million can supply us with 200,000 tons of sugar, what may one *hundred* millions produce, where there is an extent of territory in proportion, and where the soil and climate are equally adapted to its production? It does not follow that arithmetical proportion would be observed; but there can be no question that the East Indies can grow sugar sufficient for the consumption of all the world: and this view of the subject fully accords with the opinions of those who are well acquainted with the capabilities of our territories in India.

To procure sugar in sufficient quantity to bring it down to the price which your Committee have stated, will require some time. So great a change cannot be effected at once; though it may take place in India more rapidly than in any other country. It is calculated that we have already superseded, or are on the point of superseding, the manufactures of India, to the extent of at least three millions per annum. If then we may judge from value, (and we can have no better criterion,) this industry, if turned to the growth of sugar, would produce about 300,000 tons in the coarse state, worth probably about £10 per ton. We now consume annually in Great Britain about 150,000 tons, and the total quantity brought into the country, except at duties which preclude its home consumption, is 200,000 tons; were 300,000 tons brought from India, the whole 500,000 would amount only to 56lb. for each individual of our present population.*

It is therefore evident, that a reduction in the price, sufficient to bring the whole quantity of 200,000 tons into consumption, is the extent to

* This statement is made in round numbers; but, in point of fact, the average importation of East and West India sugar, for the two years 1819 and 1820, (the latest time up to which we have the official account,) was but 197,286 tons.

which any reduction could, in the present circumstances, be carried; either by cheapness abroad, or by reduction in the rate of duty. For whilst the quantity was altogether inadequate to the consumption of the whole, it would be bought up by those who were willing to give the highest price. No reduction, therefore, in the rate of duty can be of any advantage, beyond what is necessary to bring the total quantity, at present imported, into consumption, except so far as an increased price would be a stimulus to increased production. It is equally evident, that if a reduction in the rate of duty took place, in the same proportion as the quantity consumed increased, the revenue would lose nothing by the alteration—for instance, a duty of 27s per cwt. admits into consumption 150,000 tons; and if a duty of 20s 3d would bring into consumption 200,000 tons, the revenue would lose nothing, and the price of sugar would be as low as it possibly can be until the quantity is increased. Again, if we suppose the consumption to be four times its present rate, the duty might be reduced to one-fourth, or 6s 9d per cwt.; and this, when charged according to value, would probably not exceed 4s to 5s per cwt. on coarse sugar, such as could be brought from India, including freight and charges, at 16s to 18s per cwt. Thus we should have sugar, duty

included, costing under $2\frac{1}{2}d$ per lb, from which, though the quality would be inferior to that now commonly refined, yet refined sugar might doubtless be made so as to be sold at $5d$ per lb; and all this might be effected without any loss whatever to the revenue.

Moreover, if the duty were levied according to value, sugar would come to the country precisely in that state in which it could be most advantageously brought; and the business of the sugar-refiner, which bounties, restrictions, and duties, have nearly destroyed, would again flourish.

It may be said, that this would indeed be bringing plenty of sugar, but that the people cannot live wholly on sugar. To this, one simple reply may be given, that if a poor manufacturer could at pleasure exchange the produce of his day's labour for six pounds of refined sugar, or twelve pounds of brown, he would find as little difficulty in exchanging his sugar for bread, or whatever else he might want, as he did in exchanging his cloth for sugar. In fact, such an article would not be more advantageous in its own use, than it would in giving circulation to the produce of our own soil. Should sugar be procured in such abundance, and be offered so cheap in exchange for bread, the condition of the agriculturist would be improved, and every class of society must feel the benefit of full employment, and abundance of

the necessaries and comforts of life. The distress of the agriculturists does not arise from the want of power or inclination in the people to consume all that is produced, but from the want of something to give in exchange for the products of our own soil.

Whilst it is clear that a supply, inadequate to the wants of our whole population, will be bought and consumed by those who are able and willing to give the highest price for it; it is equally clear, that a supply, sufficiently abundant for all, can only be consumed by being brought within their reach; and in such a state of things, the comforts of the lower classes must necessarily be increased.

The injurious effects of high duties on the interchange of commodities between countries, whose varying circumstances would make an exchange of productions highly beneficial to both, cannot be sufficiently understood, or they would never have been allowed to exist. What some of these effects are, your Committee will now proceed to state.

To manufacture a piece of cloth 37 yards long, in India, appears to cost 30s, whilst the same labour would produce 360lb of sugar of a coarse quality, which would probably sell in England, at present prices, at 5d per lb, and after paying freight and charges, would produce about 120s, or more than sufficient to purchase 5 such pieces

of cloth in this country, worth about 22s 3d each.* From this, there is no difficulty in pronouncing, that if the obstacles to such an intercourse were removed, both the manufacture of cloth in this country, and the culture of sugar in India, would increase with great rapidity.

Your Committee will now try this exchange with our present duty.

360lb of sugar, sold at 5d per lb, is ...	£7	10	0
Freight & charges, say 1d per lb, 1 10 0			
Duty 37s per cwt.	5	18	11—7 8 11
			<hr/>
			£0 1 1
			<hr/>

leaving only 1s 1d for the purchase of the cloth, being £1 1s 2d short of the cost of one piece.

* To make a piece of long cloth, 37 yards long and 40 inches wide, will take

14lb 8oz Bengal cotton, at 7½d per lb.....	£0	9	0¾
Spinning 13lb 4oz at 6½d, average twist & weft	0	7	2¼
Steaming, warping, and winding	0	1	0
Weaving and dressing (power loom)	0	3	6
Bleaching and finishing.....	0	0	6
			<hr/>
			£1 1 3
			<hr/>

At the time this calculation was made, a piece
of long cloth would have cost in Calcutta,
about £1 10 0

Since the above estimate was obtained, there has been a fall in the price of cotton here, and in the rate of exchange in Calcutta.

Hence it is equally evident, that with this duty, the business could not be carried on at all.

Whilst the great impolicy of a heavy or prohibitory duty on the exportation of our manufactures is universally acknowledged, it seems extraordinary, that the effects of such a duty on the importation of products necessarily received in return, have been entirely overlooked. It is therefore of importance to show, that a duty of 37s per cwt. on the coarse sugar imported from India, and a duty of 535 per cent on the calicoes exported thither, produce exactly the same result.

Cost of a piece of calico, as stated,	£1	2	3
Duty 535 per cent	5	18	11
	<hr/>		
	7	1	2

This would exchange in India for 360lb of coarse sugar ; from which, deduct- ing freight and charges, the proceeds would be in England,.....	6	0	0
	<hr/>		
	1	1	2

Or, just as in the other case, £1 1s 2d short of paying for one piece of cloth.

Though this statement is confined to cotton cloth, yet its effects must be just the same with respect to woollens and hardware, or any other of our manufactures which the natives of India would consume.

Thus your Committee contend, that we do hold in our own hands the power of an unlimited extension of commerce, and of thereby giving employment and prosperity to every class of the community.

We have been told, that we may take our cheap sugar to the Continent, to be consumed there. Your Committee will examine the effects of such a proposition. If the exchange in India continue at its present rate, it will cause sugar to be brought, even under present disadvantages, in great abundance. It will be offered in our ports, to our manufacturers, for the products of their industry, and then they will have to decide whether or not they will make the exchange. If they refuse, it will be sent to purchase the products of foreign industry on the Continent, where it will produce precisely the same good effects upon the industry of the Continent, as it would have done upon ours, if we had kept it. A large exportation of sugar will operate on the Continental exchange ; to the extent, your Committee will suppose, of 20 per cent. Then their tallow, which before could not have been sold in England under 50s, might be afforded at 40s ; their flax, which could not before have been sold in England under 60s, might be sold at 48s ; their German linens, which were struggling in close competition with ours, would be 20 per cent cheaper ; and these, with their silks, hardware, &c. would then meet our manufac-

tures with increased advantage in foreign markets. Though our prohibitory laws may shut out their corn from our markets, its low price will increase the premium which our prohibitory duty on sugar gives to the export of their commodities. The wines of the Continent would not interfere with the produce of our own soil, and they might be obtained in exchange for our surplus sugar; but they are at present subject to such enormous duties, that any difference in their cost abroad would be lost in the amount of duty, and would not be felt by the consumer.

Here again is a mistaken, though a well-meant policy. Sugar and wine were considered above the reach of the poor, and therefore fit subjects for high duty; but if our manufactures and our exports are to increase, a corresponding facility must be given to the admission of foreign productions in return; and as wine and sugar are objects of desire to the rich, there can be no reason why they should be placed out of the reach of the poor, by prohibitory duties, when less than half their rate would probably produce the same or a greater revenue. There can be no sound reason why the duties on wine and sugar should not both be regulated, so as to leave the people to their free choice, whether to convert their sugar into wine at home, or exchange it for that produced from the grape in foreign countries.

If these be the advantages so evidently resulting from such a system, with respect to ourselves, let us examine the effects of this and of a contrary system, on the condition of 100,000,000 of our fellow-subjects in India; whose welfare should be considered next in importance to our own, and who naturally look to this country for the protection of their interests. The unrestricted introduction of our manufactures into that country, together with our underselling them in every market in the world, must deprive of employment vast numbers of people; and until some substitute be found, it must be very severely felt, not only by the people, but by the revenue. The savings from civil and military employments, and from commerce, in India, have been estimated at three millions per annum, and the interest of the debt, which is held by people in England, at one million more; on this sum, the present loss in exchange of 20 per cent will amount to £800,000 per annum. The finding of a market, therefore, for the productions of India, is rendered doubly important as a means of bringing home these savings; they are British property, and the owners have a right to expect a reasonable facility to their admission into the country.

In conclusion, your Committee will advert to the benefit which would result to two other im-

portant interests, should your labours be successful.

By public statements, it appears that Great Britain has now about 2,500,000 tons of shipping, in which a capital of not less than 30 millions must have been invested, and which are now employed to little or no profit. There are no certain means of knowing what proportion of this tonnage is engaged in foreign commerce; but when we see the average burthen does not much exceed 100 tons, we cannot suppose more than one million of tons to be so employed; and if so, an addition of 400,000 tons of sugar from India would add 40 per cent to the employment of this part of our shipping, and make that most important instrument of our commerce, and that source of of our maritime strength, flourish beyond any former precedent.

With respect to the trade of sugar-refining, the adoption of an *ad valorem* duty would, by allowing the introduction of coarser qualities, be highly advantageous. Whilst the consumption of sugar in this country has been gradually increasing, and the importation been nearly stationary, for the last fourteen years, the quantity left for exportation has been so rapidly diminishing, that if the consumption go on increasing for only three or four years more, the whole will be used at home, and the

trade of refining for exportation must totally cease; for our refiners are only allowed to use British plantation sugar.* Such an important branch of commerce should not be lost to the country without an investigation into the cause. What must have been the state of our manufacture of cotton, had it laboured under similar restrictions? If our manufacturers had been allowed to use only British plantation cottons, and these loaded with an excess of duty; if this duty had been drawn back in a such a way as to induce the manufacturers to export their goods in a half-finished state; and if, in addition to all this, the quantity was constantly lessening, and their trade diminishing, those who were engaged in it could not pursue it with any spirit, and the talent and energy which are constantly flowing into, and improving a flourishing trade, would avoid one that was evidently dwindling to nothing.

The West India planters, and it would seem our Government also, have not considered any average price below 49s per cwt. as a remunerating one; for until the average reaches that rate, the full duty of 30s per cwt. is not paid, which makes

* The home-consumption of Great Britain, it will be seen by reference to page 40, was 151,571 in the year 1820; and as we export about 10,000 tons annually to Ireland and our settlements in Europe, Africa, and America, it follows, that we have now little more than 30,000 tons to spare for foreign Europe.

it 79s, or about $8\frac{1}{2}$ d per lb. to the consumer. Now, if the average price of West India sugar be $8\frac{1}{2}$ d per lb., it is probable that the coarse kinds of East India, might be worth $6\frac{1}{2}$ d per lb. The West Indians claim the exclusive supply of the British market, and are not even content with the fair market price; but the people of England are compelled to submit to a tax to keep it up — *a clear, undisputed, and acknowledged tax*, to force up the price of an article to $6\frac{1}{2}$ d, which, without any diminution of the revenue, the people could get for $2\frac{1}{2}$ d to 3d. Such an absurdity cannot last, and it would be wiser for the West Indians seriously to examine for themselves into the real causes of their situation, than to expect such support; the injurious effects of which, in cramping the energies and comforts of the people, cannot be estimated in millions. If such an absurdity as this be suffered to exist, we may next look for a proposal to supersede the introduction of foreign wines, by raising grapes in hot-houses; and such a tax upon all improvements, as will drive the country back from civilization to barbarism.

Appendix.

REPORT

BY THE LORDS COMMITTEES appointed a SELECT COMMITTEE to inquire into the means of extending and securing the FOREIGN TRADE OF THE COUNTRY, and to report to the House ; and to whom were referred the Minutes of the Evidence taken before the Select Committee appointed in the last Session of Parliament for the like purpose ; and also the several Petitions, Papers, and Accounts which had been referred to that Committee ; and also the several Petitions presented in the present Session of Parliament on the subject of Foreign Trade. [7th May 1821.]

Ordered to Report,

THAT the Committee have met, and have proceeded in the inquiry, which had been entered upon by the said Committee appointed in the last Session of Parliament, into the state of British commerce with Asia, including as well that which is carried on with the territorial possessions of the Honourable East India Company, as that with the Independent States in the same part of the globe.

In the conduct of this inquiry, the Committee have not thought it necessary to direct their attention to the commercial concerns of the East India Company, as administered by the court of directors with a view to the interests both political and financial of that corporate body, further than was necessary to elucidate the present state and future prospects of free trade, as affected by existing regulations.

This subject therefore naturally divides itself, according to the various restrictions to which different descriptions of commerce in these regions are now subjected by law : that to the territorial possessions of the Company being carried on by licence only from the Company ; that to other parts of southern Asia (China excepted,) and to the islands of the Indian Ocean, by licence from the Board of Control ; that to China being entirely prohibited to all British vessels but those in the actual employment of the East India Company ; and the whole trade confined to ships of a certain fixed amount of tonnage.

The trade which is carried on by licence with the territories of the East India Company, is confined to the presidencies of Bombay, Madras, and Calcutta, and the port of Penang. Some inconveniences and injury to individuals are stated to have arisen, where circumstances have made it desirable to change the destination of vessels from one of these ports to another, after their arrival in the East, in consequence of the delay attendant upon obtaining a permission to do so from the local government. This indeed may be obviated by obtaining licences including the above-named ports generally, which have been sometimes applied for, and do not appear to have been refused. But the system of requiring licences does not appear to be attended with any public benefit ; and a fee is charged for each of them.

A more material advantage might probably accrue to the free trader, from being permitted to trade with other smaller ports on the coasts of Coromandel and Malabar, where the Company have already collectors of the customs established, who might effectually counteract an illicit trade ; whereby a wider field of adventure may be opened, and an additional stimulus to commercial intercourse afforded to the native inhabitants. It would, however, be necessary in this case to provide by regulations, which it could not be difficult to establish, against any abuse of this extension of privilege by British vessels carrying on the coasting trade, in which there is every reason to believe they might successfully compete with the native ships, which have

hitherto been considered as enjoying a monopoly of that trade, of which the East India Company could not reasonably be expected to deprive their subjects, as long as they are precluded from carrying on the direct trade to Europe in Indian-built vessels. It must be observed, however, that the coasting trade is now open to vessels of other nations, those of the United States not being excluded from it ; and instances having been stated to the Committee, in which the Portuguese flag has been allowed to pass from one port to another, carrying on trade, from which British European ships are excluded.

The Committee cannot dismiss this branch of the subject without observing, that although it is difficult, from the great fluctuation which the free trade to the peninsula of India has experienced since it has been admitted upon the terms of the renewed charter granted to the East India Company in 1813, to estimate fairly the precise amount of its increase, it must be admitted that its progress has been such as to indicate, that neither a power to purchase nor a disposition to use commodities of European manufacture, are wanting in the natives of British India ; whilst the minute knowledge of the wants and wishes of the inhabitants, acquired by a direct intercourse with this country, would naturally lead to a still further augmentation of our exports. The great increased consumption cannot be sufficiently accounted for by the demand of European residents, the number of whom does not materially vary ; and it appears to have been much the greatest in articles calculated for the general use of the natives. That of the cotton manufactures of this country alone, is stated since the first opening of the trade, to have been augmented from four to five-fold. And the taste of the natives for such articles may not improbably have been created, in some instances, and extended in others, by that very glut in the market, which has doubtless by its excess and consequent lowering of prices, frequently defeated the speculations of private merchants. The value of the merchandise exported from Great Britain to India, which amounted in

the year 1815 to £870,177, in the year 1819 increased to £3,052,741 ; and although the market appears then to have been so far overstocked as to occasion a diminution of nearly one-half in the exports of the following year, (1820,) that diminution appears to have taken place more in the articles intended for the consumption of Europeans than of natives ; and the trade is now stated to the Committee, by the best informed persons, to be reviving. When the amount of population and the extent of country, over which the consumption of these articles is spread, are considered, it is obvious that every facility which can consistently with the political interests and security of the Company's dominions, be given to the private trader, for the distribution of his exports, by increasing the number of points at which he may have the option of touching in pursuit of a market, cannot fail to promote a more ready and extensive demand.

If the restriction of trade to vessels of the burden of 350 tons and upwards, in all seas and countries within the limits of the East India Company's charter, has any tendency to check the operations of the private trader in a direct commerce with the dominions of the East India Company, it can hardly fail to operate still more as an impediment to his exertions in seeking new channels of commerce, or extending those which already exist with other countries and islands in the same part of the globe. Here a field, in a great measure new, would be opened by the free admission to trade of vessels of a smaller burthen. It is stated to the Committee, by persons who have been most interested in forming a correct opinion upon the subject, that in a trade with the native powers in the gulph of Persia, along the Red Sea, and on the eastern coast of Africa, as well as with the islands and countries to the eastward of the Company's dominions in Asia, small vessels would be employed in preference to large, from the nature of the navigation, the great value and small bulk of some of the articles, as well as the description of markets where such trade would be carried on.

Some apprehension indeed has been stated to exist, that vessels of that description might be exposed to frequent depredations from pirates who infest those seas. But it does not appear that there is any difference in the rate of insurance required from large and small ships ; if there is a risk, however, the private merchant might safely be left to consider, how far it applies to his particular case ; while the American trade in those seas, which is carried on as well in vessels below as above the burthen of 350 tons, is not stated at any time to have suffered materially from such dangers. It may be remarked, that although the native governments of India have been generally supposed to be unfavourable upon system to foreign commerce, no recent instance of such disposition has been adduced ; the French, on the contrary, are stated to have been remarkably successful in some recent attempts to open a commercial intercourse with Cochin China ; and the recent knowledge which has been acquired of the manners and habits of the inhabitants in some of the islands of the Malay race, leads to a much more favourable opinion of their character and aptitude for civil and commercial intercourse, than was previously entertained.

The maintenance of a free port, eligibly situated amongst the Indian islands, under British protection, which the magnitude of our establishments in that quarter of the globe may enable us to support at much less expense than any other nation, may be attended with the greatest benefit to commerce and civilization. The importance of such a station, and the quick perception of its advantages formed by the native traders in that part of the globe, may be estimated by the rapid rise of the port of Singapore during the year that it has been in the possession of the British government, and opened for the purposes of general trade. The population, which had before scarcely amounted to 200 souls, in three months increased to not less than 3000, and now exceeds 10,000 in the whole ; while 173 sail of vessels of different descriptions arrived and sailed in the course of the first two months.

The commerce with China is carried on by the East India Company, in whom the sole and exclusive right of trading with the ports of that empire, as well as the sole and exclusive right of trading and trafficking in tea to and from all the islands and ports between the Cape of Good Hope and Straits of Magellan, is now vested by law. The value and extent of this trade has naturally attracted the attention of the private merchant ; and although it could not be contemplated that the East India Company would willingly relinquish so important a privilege, an earnest desire has been expressed, that the British free trader might be permitted, even previous to the expiration of the charter, to embark in those branches of the trade, which the Company neither carries on itself nor appears to be immediately interested in ; and in which the only competition to be encountered by the British merchant, would be that of the foreign trader.

Of this description may be considered the trade in tea and other articles between Canton and foreign Europe ; the tea trade within the limits of the Company's charter, exclusive of the ports of the Chinese empire ; and the trade between Canton and the western shores of North and South America.

The hopes entertained by merchants and others, who have the best means of information, of benefit to commerce from such an extension of its freedom, as well as the apprehensions, felt by persons of great experience in the direction of the affairs and in the service of the East India Company, of the risk with which such an extension may be attended to their political and commercial interests, will be found fully stated in the evidence and documents contained in the Appendix.

On the one hand it is confidently stated, that the low rate of British freight, and other advantages possessed by the British merchantmen, would enable the British free trader to enter into an immediate and successful competition with those of other countries, and more particularly of the United States, by whom these branches of commerce have been carried on for some years past, with every appearance of progressive increase and pros-

perity ; that thus a portion of Europe might be supplied with tea by the British trader ; that the export of furs from America, which now takes place even from the British territories in American vessels, would be carried on by British shipping ; and that, at all events, that portion of the Eastern trade, which is carried on by the export of British manufactures in American vessels, would fall into the hands of the British merchant, with greater opportunities of extending it, afforded by a more direct intercourse. And, on the other hand, it is stated to afford reasonable ground for alarm, that the seamen, who would be admitted under such circumstances to the port of Canton, might probably be of a character so different from that of the seamen employed on board the vessels of the United States, and be subject to a discipline so inferior to that which prevails on board of the larger description of vessels employed in the service of the East India Company, that disputes might take place and excesses be occasioned, which might produce fatal consequences, by awakening the jealousy or exciting the anger of the Chinese government.

It is also apprehended that the admission of new competitors into the market, might lead to some deterioration in quality, or enhancement in the price of teas, which are now regulated by arrangements made previously to their coming into the market, between the servants of the Company and the Hong merchants, who enjoy a monopoly of the sale of that article.

To what extent such hopes or such apprehensions might be realized, in the progress of a trade which has never yet been permitted to exist, it is difficult perhaps to form an accurate judgment. The most natural, and indeed the only means of forming one, must be derived from the circumstances and progress of the foreign independent trade, and more especially that of the vessels of the United States with the port of Canton. That trade, although carried on in vessels of nearly the same description that would probably be employed by the British merchants, has continued to flourish without being productive

of injurious consequences, either to trade in general, or that of the East India Company in particular. It is stated, that it would not have done so, had it not been for the protection and other advantages derived from the establishment of the Company's factory at Canton; but no satisfactory reason has been assigned, why the British free trader should not derive the same benefit from its countenance and protection, to which he certainly would not be less entitled. It must also be observed, that the circumstance which has principally been relied upon as constituting the difference between the character of the American and British seamen, namely, the former having a share in the profits of the voyage, applies only to that portion (not a large one) of their trade with Canton, which is employed in the export of furs from North America, and might be expected to apply in the same degree, as far as respects that portion of trade, to British vessels, if permitted to engage in it. It is admitted also, that all danger arising from disputes is greatly diminished, if not entirely removed, by the abolition of the custom which permitted seamen to go at particular periods, in large bodies, and under no control, to enjoy liberty days on shore at Canton.

In the course of the last few years, the imports of the United States into China (comparing an average of the years 1804-5, 1805-6, 1806-7, with an average of 1816-17, 1817-18, 1818-19, being the last years of which the Committee have received an account) appear nearly to have doubled. It is alleged, that the principal part of these imports consists of metals and other articles, which the merchants in the United States have a greater facility in procuring than those of other countries; there can be doubt, however, that articles of British manufacture are directly exported to China from this country by Americans; and it appears from an account procured at the Custom House, that the declared value of those articles exported to countries within the limits of the East India Company's charter, in foreign vessels, and presumed to be chiefly to Canton, was, in the last year, to the amount of £178,358; and it affords some

indication of an increasing taste for British manufactures in China, that an opinion prevails, that they are now introduced into the northern parts of that empire, subject to all the delay and inconvenience of transport by land through Russia and the caravan trade, of which Kaiacta and its immediate neighbourhood is the great depôt, and which appears recently to have experienced a considerable increase.

What portion of the teas and other articles exported from China, in vessels of the United States, is destined for America, and what for European consumption, it is difficult precisely to determine. Although doubts have been expressed, whether the demand arising from the latter, constitutes a permanent or a considerable portion of their trade, it may fairly be assumed that a contrary opinion prevails in America; as it is stated, in the report upon American currency, laid before the House of Representatives in 1819, "that the annual exports in American vessels from the United States and all other ports, to China and the East Indies, can hardly be estimated at more than twelve millions of dollars, and it cannot be doubted that the sales of East India articles in Europe exceed that amount. The value of merchandise from China and India consumed annually in the United States, is probably equal to 5,000,000 dollars; and if this be so, the consumption of East India articles by the United States is paid for by the mere profit of the trade."

On the whole, the Committee are inclined to the opinion, that regulations might be established at Canton, either by placing the free trade of Canton under the superintendence of a consul, or investing the principal servants of the Company with some authority over the seamen engaged in the free trade, by which any apprehension of inconvenience might be removed; and without interfering with the monopoly of the British market enjoyed by the East India Company, the British merchant might be safely admitted to a participation in a trade which has proved safe, lucrative, and capable of great improvement, in the hands of the foreign trader.

In the event of these obstacles, however, being considered insurmountable, the maintenance of the establishment at Singapore, to which vessels frequently come down from China in five days, or of any other free port as advantageously situated, might, considering the readiness of the Chinese to engage actively by every means, direct and indirect, in trade, prove highly advantageous to the interests of British commerce, if permitted to engage in the tea trade within the limits of the East India Company's charter, exclusive of the ports of the Chinese empire.

The Committee cannot conceal from themselves, that in the present state of the law, no material benefit or facility to free trade in this quarter of the globe can be obtained, without infringing in a greater or less degree upon the privileges vested in the East India Company, until the year 1834, when their present charter expires, and that their consent may be required to any measures which may be submitted for that purpose to the consideration of Parliament. At the same time, considering that no propositions here suggested, are intended directly or indirectly to affect the monopoly enjoyed by the Company, of the home market, to which the greatest importance is justly attached, but that their object is confined to procuring for the British free trader, an access to markets entirely new, or the means of fair competition with the foreign merchant in those which already exist, the Committee feel themselves justified in relying upon the liberality of the Court of Directors, upon the concern they have frequently evinced in the national prosperity, and the preference they may be expected to give to British over foreign commerce, for a disposition to meet, as far as may be consistent with their own essential interests, the wishes of their fellow subjects, if sanctioned by the wisdom and authority of Parliament.

At all events, there are some views of this subject, to which the attention of Parliament may be immediately directed ; and

the whole cannot fail to deserve its consideration previous to the renewal of the East India Company's charter.

The Committee have been informed, by the members of his Majesty's Government, who are members of the Committee, that a bill was prepared to be submitted to Parliament in the course of the last session, for extending the private trade between India and foreign Europe ; and that the introduction of such a bill has only been postponed in consequence of the inquiries depending in Parliament, connected with Asiatic commerce.

The correspondence which has taken place upon this subject, * between the Board of Trade and Board of Control, is contained in the Appendix.

THIRD REPORT

OF THE

COMMITTEE OF THE HOUSE OF COMMONS.

The SELECT COMMITTEE appointed to consider of the means of maintaining and improving the FOREIGN TRADE of the Country, and to report their opinion and observations thereupon from time to time to the House, and to whom the Report communicated by the Lords, relative to the Trade with the East Indies and China, was referred ;—have, pursuant to the order of the House, further considered the matters to them referred, and have agreed to the following Report:—

YOUR Committee purpose to call the attention of the House, in the present Report, to the peculiar regulations which govern the commercial intercourse of this country with the British possessions in the East Indies; the commerce of those possessions with other parts of the world; and also generally the trade of the other countries included within the limits of the Charter of the East India Company, so far as the United Kingdom is interested.

The trade of British subjects, with all the countries situated between the Cape of Good Hope and the Straights of Magellan, was almost exclusively confined, for more than a century preceding the year 1814, to the East India Company. Your Committee do not think it necessary to trace the progress of this trade, or the partial modifications which were applied to the Company's monopoly, at former periods; or to describe the ineffectual attempts which were made to extend to the King's subjects generally, by any thing short of a permission to trade with India in their own ships, a participation in the India trade.

Much valuable information upon these subjects will be found in the Reports from Committees in former Parliaments;* and in the documents and examinations which immediately preceded the establishment of the present system.

The East India trade is now regulated by the act of 1813, ^{53 Geo. 3. c. 155.} styled the Charter Act; and by some later acts, to which your Committee will presently refer.

The nature and effect of the existing arrangement your Committee will now proceed to explain; and they think it right to be the more particular in their statement of the laws, and of the practice which has been adopted under them, because they have reason for believing that much misconception has prevailed upon these points; whereby, in some instances, British merchants have been deterred from enterprizes which it was within their lawful competence to undertake.

The act of 1813, at the same time that it continued to the East India Company, for a period of twenty years, the administration (under the superintendence and control of the Crown, through the Board of Commissioners) of the British territories in India, renewed also for the same period, but with very important modifications and exceptions, the exclusive privileges, with regard to the trade eastward of the Cape, which had been conferred upon the Company by various former acts, especially by that of the 33rd of Geo. 3, c. 52, called the Charter Act of 1793.

That this re-enactment of the Company's monopoly, followed by the extension of certain limited rights to His Majesty's subjects generally, was the form in which the partial opening of the East India trade was effected by Parliament, is a point to which it is very necessary to attend. It is not for your Committee to determine whether it might not have been more convenient to recast the whole law, and to establish, by fresh

* See particularly, Fourth Report from Select Committee on East India Affairs, ordered to be printed 10th April, 1812, pp. 442—6, and the Supplement to that Report.

enactments, the privileges of the Company and of private traders respectively ; this was not the mode which the legislature thought fit to adopt. And the form which was actually adopted, has subjected the Indian trade, and the trade with all places within the limits of the charter, to a rule essentially opposite to that by which all other trade is regulated : so that, whereas in all other cases, the general rule to which merchants may appeal, is *permission*, and the *prohibition* is the exception ; in the present case, the general rule is (as to all but the Company) a strict and rigorous interdiction of all commerce and intercourse with the countries eastward of the Cape ; and *that* alone is permitted, for which there is a special warrant in an act of Parliament. In some particulars, the exception is so extensive, as to amount to an abrogation of the rule ; but a recollection of the peculiarity which has been noticed, is, nevertheless, in those cases important, with a view to a right understanding of the law, and the security of commercial enterprizes.

The privileges, then, which the act of 1813 extends to private traders, may be thus stated :

53 Geo. 3.
c. 155. s. 6.

In the first place, any person may export, in ships navigated according to law, from any port or ports within the United Kingdom of Great Britain and Ireland, to all ports and places within the limits of the East India Company's charter, (save and except the dominions of the Emperor of China,) any goods, wares, and merchandise, which may be legally exported ; and he may also import, in ships navigated according to law, from any port or ports within those limits, except as aforesaid, into the United Kingdom, any goods, wares, and merchandise, the product or manufacture of any of the countries within those limits, which may be legally imported.

The limits of the East India Company's charter, to which this general permission refers, comprise all the seas and countries eastward of the Cape of Good Hope, and westward of the Straights of Magellan ; and it is to be observed, that whenever this description occurs in an act of Parliament, or elsewhere,

without a qualification, it has this general extensive application : but the act, in effect, establishes three subdivisions of these limits, (exclusive of China, which is altogether excepted,) to each of which a different regulation is applied.

First, what are called "*The Company's peculiar limits*," being, all places situate on the continent of Asia, from the river Indus to the town of Malacca inclusive, and any island under the government of the Company lying to the north of the equator, (that is, Prince of Wales Island,) and the Company's factory at Bencoolen.

Secondly, all places, other than those included within the first division, which are situate more to the northward than eleven degrees of south latitude, and between the 64th and 150th degrees of east longitude from London. These are sometimes styled "*The Board's limits*."

Thirdly, all other places within the limits of the charter.

The permission given by the act, is, as to all countries included in the third division, subject to no qualifications, excepting as to the size of the vessels, which must not be under 350 tons burthen. The trade, therefore, between the United Kingdom and New South Wales, the Isles of France and Bourbon, the Persian and Arabian gulphs, and the east coast of Africa, is, in effect, taken out of the monopoly; and may be carried on without licence or hindrance from the Company : but your Committee must here observe, in illustration of what they have said concerning the renewed rights of the Company, that a breach of the only restriction which still remains upon this branch of trade, namely, that which requires a ship of 350 tons at least, not only makes the voyage illegal, but subjects the private trader to all the penalties of unlawful trading, and to the powers given to the Company by the act of 1793.

Sec. 17.

The only exception to this restriction upon the tonnage, is to be found in the act which permits vessels, under a certain tonnage, to trade between the United Kingdom and New South Wales.

59 Geo. 3,
c. 122.

The trade with places situated within the geographical limits described in the second division, which limits include the islands of Ceylon and Java, and the islands in the East Indian Archipelago, (with the exception of a very few,) is, in practice, nearly as free as that which is without those limits. The act indeed requires, that for carrying on this trade, there shall be a licence from the Commissioners for the affairs of India, which it is at their discretion to grant or withhold; but that Board has, from the commencement, promulgated its intention to grant licences in *all* cases, without any exception, in which they shall be desired; and these licences are subject to no fee.

The trade with the possessions of the East India Company, constituting the first division, is differently regulated. The licence to proceed to a port within these peculiar limits, is granted by the Court of Directors, and so far as concerns a voyage to one of the principal settlements of the Company (namely, Fort William, Fort St. George, Bombay, and Prince of Wales Island) is demandable of right, though not granted without a fee. With respect to any other place within the first division, the Court of Directors may refuse to grant a licence, authorizing such a voyage directly from any port in the United Kingdom; but they are required to state the reasons for their refusal, to the Commissioners for the affairs of India, who may direct the Court of Directors to issue such licence; recording the special reasons inducing them to give such directions.

The act of 1813, in so far as it communicated to the King's subjects generally, a part of those rights of commerce and intercourse, which had been the exclusive privilege of the East India Company, constitutes a compact between the State and that Company: its provisions originated in a negotiation between the King's Government and the Company; the result of which negotiation was the avowed basis of the act.* Those provisions, therefore,

* See the Papers ordered to be printed on 12th and 18th March 1813.

of the act, which were matter of agreement and compromise with the Company, are not to be repealed or altered without the Company's concurrence. The act itself makes no distinction between these conventional enactments, and those which are merely matters of regulation, which might have been at any time prescribed by Parliament; but it appears reasonable to consider as matters of compact, all those provisions which may fairly be deemed to have been taken into consideration by the Company, when they accepted the terms, to some of which they gave an avowedly reluctant consent. The 20th section of the act, however, contained a distinct reservation, to the effect of leaving Parliament at liberty to make further regulations, for enabling his Majesty's subjects to carry on trade, directly or circuitously, with the places within the limits of the charter; and the only exception or proviso annexed to this reservation, is contained in the words "without prejudice to any of the restrictions or provisions herein contained, as to the resort to, and residence of any persons in the East Indies or parts aforesaid."

The power so reserved in the 20th section, was first exercised in the act 54 Geo. III. c. 34, commonly called The Circuitous Trade Act; which contained two principal provisions:

1st. That by which the Company and private traders are permitted to touch and trade on their outward or homeward voyage, at foreign ports in America, as well as at the Cape of Good Hope, the island of St. Helena; and on the outward voyage, at the Canaries, Cape de Verde Islands, and the Island of Madeira.

2nd. A permission to the private traders to carry on trade, directly and circuitously, between all ports and places whatsoever, lying *within* the limits of the charter, that is, from the Cape of Good Hope (*inclusively*, by a special clause) and the Straights of Magellan.

By this act, ships proceeding to or from India, were still debarred from all traffic with ports in Europe, other than those

57 Geo. 3,
c. 36. of the United Kingdom; but in 1817, an act passed, styled *The Malta Trade Act*, whereby vessels trading between the United Kingdom and India, whether belonging to the Company or to individuals, were permitted to touch at Malta and Gibraltar; and vessels were also allowed to trade between those places and the limits of the charter, without coming to a British port.

1 & 2 Geo. 4,
c. 65. During the present Session, in consequence of the Second Report from your Committee, an act has passed, comprising all the remaining objects of the reservation, (except as to British colonies,) by permitting British ships to carry on trade, between all ports within the limits of the charter, and all ports, whether in Europe or elsewhere, belonging to countries in amity with his Majesty. The traffic so permitted, may either be carried on in ships voyaging under the act of 1813, from or to a port in the United Kingdom; or it may be carried on in ships which neither commence nor terminate their voyage at a British port; to the latter case, the restrictions of the act of 1813, especially that which is contained in the 13th clause, are in no way applicable.

That the permission of a direct trade between India and Foreign ports was contemplated by his Majesty's Government at a very early period, will appear from a communication made in July 1814, by the Earl of Buckinghamshire, then President of the India Board, to Mr. Canning and others, who, as representatives of commercial towns, had made a representation to him on that subject.

His Majesty's settlement at the Cape of Good Hope and the Isle of France, being peculiarly situated as to the laws affecting their commerce, your Committee think it right to make a separate statement respecting them. The East India Company's charter is exclusive of the Cape in its geographical acceptation; but, inasmuch as the settlement, which has come into the possession of his Majesty long subsequently to the grant of the charter, extends as well to the eastward as to the westward of

the Cape itself; the settlement would, in strictness, have been partly within and partly without the chartered limits. The Circuitous Trade Act has provided that his Majesty's settlement at the Cape of Good Hope shall be deemed to be within the limits of the charter, as to all trade by that act allowed to be carried on between places within those limits; and this provision is not to affect any other rights of commerce which the settlement possesses. A similar provision will be found in the Malta Trade Act, in the Navigation Laws Exemption Act (hereafter mentioned,) and in the East India Foreign trade Act of the present Session.

54 Geo. 3,
s. 3.
57 Geo. 3,
c. 36, s. 2.
57 Geo. 3,
c. 95, s. 4.
1 & 2 Geo. 3,
c. 65, s. 6.

By an act passed in 1809, and since continued and extended to all his Majesty's possessions to the eastward, except those which are under the Company, his Majesty is empowered to make regulations by order in council for the trade of the Cape. Orders respectively issued on the 24th September 1814, and 12th July 1820, are now in force. The latter allows of a trade, under certain limitations, with any foreign country in amity with his Majesty, as well in vessels belonging to such country as in British vessels.

49 Geo. 3,
c. 17.
57 Geo. 3,
c. 1.
1 Geo. 4,
c. 11.

The Isle of France, as has already been stated, is within the original limits of the Company's charter, required no special enactment for subjecting it to the peculiar repetitions applicable to countries so situated; but a similar order to that issued with respect to the Cape in 1820, was at the same time issued for the Isle of France.

Your Committee have thought it their duty to inquire of various persons, who have engaged in the trade which has been opened, under the acts of 1813, 1814, and 1817, to his Majesty's subjects, as well as of some of the leading men in the direction or service of the East India Company, as to the effect of the facilities given by the several acts, and of the operation of the restrictions which are still preserved.

It appears certain, that the trade with India, whether of import or export, has materially increased since 1814*; and that the increase has been effected by the private merchants, while the trade of the Company has experienced a diminution. The House will find it stated in some part of the evidence, that the trade has been recently attended with loss; at the same time there is sufficient evidence, that the taste and demand for British manufactures has been gradually progressive since the opening of the trade, and that those manufactures have found their way to parts of India, and the neighbouring countries, which they had not been accustomed to reach.

Your Committee, before they proceed to consider how far the restrictions to which the Indian trade is still subjected, may have counteracted the facilities granted by the acts, think it right to make an observation, which, whether in considering this or any other branch of trade, ought never to be disregarded.

Whenever a question arises, to grant or to withhold a permission to carry on unrestricted trade, with whatever part of the world, in whatever ships, and whatever commodities, the burthen of the proof rests upon those who propose to withhold the permission or to impose the restriction. Restriction, as your Committee have observed in a former Report, being in itself an evil, requires, as well for its continuance as its original imposition, a special political expediency to support it.

This is a principle no less of justice and duty, than of commerce and policy. To show, therefore, that a measure from which, when proposed, great expectations of advantage were entertained, has not been followed by consequences beneficial in proportion to the sanguine anticipation of them, is not sufficient to authorize an opinion, that the measure ought not to

* See Lords' Report and Appendix, and the Statements given in by Mr. Grant.

have been adopted ; for that purpose it would be necessary to show, that positive and considerable evils have resulted from it.

Under this impression, your Committee forbear from a minute investigation of the progress and course of the trade which has been opened by the several acts to which they have referred ; and will confine themselves to a consideration of the restrictions which it has been proposed to withdraw, and the additional facilities which it has been proposed to afford.

The restrictions upon the trade with India, the effects of which are stated to be injurious, are of three descriptions :

First, The restriction imposed by the act 53rd Geo. III. c. 155, sect. 13, on the size of vessels clearing out from a port in the United Kingdom for any port within the limits of the charter, or entering at a port in the United Kingdom from a port within those limits.

Secondly, The restriction of the same act, sect. 11, whereby British vessels are restrained from proceeding directly to any port in India, except a principal settlement, without a special licence.

Thirdly, The restrictions imposed by former acts, and only partially modified by the 33rd section of the act of 53rd Geo. III. on the resort of persons to India, and their residence there, for commercial or other lawful purposes.

Some difference of opinion exists as to the grounds upon which the limitation of the trade between the United Kingdom and India, to vessels of the burthen of 350 tons or upwards, was adopted in 1813.

The first proposition for imposing a limitation of this description, appears to have proceeded from the East India Company* in these terms : “ No private ship to be permitted to sail either from Great Britain to India, or from India to Great Britain, of

* See “ Hints approved by the Committee of Correspondence, and submitted to the consideration of the Right Hon. Lord Melville,” in Papers relating to the East India Company's charter, printed 12th March 1813, p. 24.

a less burthen than 400 tons." In the observations made upon this proposition by the then President of the Board of Commissioners, by whom the negotiation with the Company was conducted, it was said to be "understood, that this proposition is founded on a principle of guarding against the dangers to which vessels of less burthen than 400 tons would be exposed on a voyage to the East Indies, and also of providing for the security of the revenue, which might be effected by permitting importations in smaller vessels ;*" but Lord Melville expressed himself not satisfied of the necessity of the restriction.

In the reply on the part of the Company, the reason arising from the danger of smuggling was adopted, and these additional reasons were assigned ; that by allowing ships of 400 tons to engage in the trade, sufficient facility would be afforded to the *more respectable houses* of business desirous of entering into "an honourable commercial intercourse with India," to the exclusion of "characters not sufficiently responsible," disposed to engage in "speculations of mere chance outward, and smuggling homeward ;"—that the larger vessels would keep alive the impression among the natives of the East, of the superiority of our maritime strength, especially to that of the Americans, "*who navigate very small vessels to and from the ports of the East ;*" and that the larger vessels would be more respectably officered, better provided with medical attendance, and more secure against sea-risk.

In the further progress of the negotiation, it was urged by the Company, that the Company's commercial profits, upon which their ability to bear their part in the system of Indian administration mainly depended, would be materially affected by the illicit importation of tea, which might be expected to occur, if vessels "unlimited in number and size" were permitted to

* See "Observations on the Hints suggested by the Deputation of the Court of Directors, 3rd March 1812," in Papers relative to the East India Company's charter, printed 12th March 1813, p. 31.

come to the out-ports, and to resort to the numerous eastern islands, where tea from China might be easily procured.

Lord Buckinghamshire*, who had succeeded to the office of President of the India Board, expressed, in reply, the opinion of his Majesty's government, that the apprehensions with regard to smuggling were at least much overstated on the part of the Company; and that they might be obviated by various regulations, such as (amongst others) "the limitation of the trade to vessels of 400 tons burthen."†

This is all that is to be found, immediately affecting the question of tonnage, in the papers of the negotiation; but it appears that the Court of Directors and the Court of Proprietors, continued throughout the negotiation to urge the danger of smuggling in British ports, as a matter of deep interest to them, as well as to the state.

Your Committee have no hesitation in giving it as their opinion, that these apprehensions of extensive smuggling were very greatly exaggerated, and that nothing has occurred since the opening of the trade, which warrants the suspicion of any such consequence having occurred from that measure; nor have they any reason to believe, that the limitation of the tonnage is in any degree necessary to prevent that consequence. If tea has been smuggled to any considerable extent, it has been owing to the formation of dépôts of tea on the coasts of Holland or France, by foreigners who are under no limitation whatever as to the size and destination of their ships.

The Court of Directors indeed appear to have entirely lost sight of the apprehension of smuggling, even as connected with the question of tonnage; for the restriction, in that respect, is now stated by Mr. Charles Grant, whose situation in the Company is sufficiently known to the House, to have "proceeded

* Letter from Lord Buckinghamshire to the Chairman and Deputy Chairman of the Court of Directors, dated 24th December 1812, in papers printed 18th March 1813, p. 23.

† 350 tons *register measurement* is considered equal to 400 tons.

entirely from an apprehension, that if numerous small vessels were introduced into the trade of Eastern India, depredations might ensue upon the natives of the Eastern Islands." "In any other respect," says Mr. Grant, "it is of no sort of consequence to the Company." This impression, Mr. Grant thinks, "is probably that of the body of Directors at large." "The limitation of tonnage," he again says, "was from a humane political reason."

The narrative which your Committee have given of the introduction of the limitation of tonnage into the arrangement of 1813, while it serves, on the one hand, to show, that having been adopted at the urgent request of the Company, that limitation must be considered as a part of the compact with the Company, to which the faith of Parliament stands pledged, clearly shows, on the other, that the grounds upon which that pledge was required by the Company, have ceased to exist.

Upon the general principle that no restriction upon commerce ought to be imposed or retained, for which there is not a clear and undoubted necessity, your Committee would, but for the agreement with the Company, have no hesitation in recommending the repeal of the 13th section of the act of 1813, even if it had not been shown to be practically inconvenient; but it is represented by merchants actually engaged in the Indian trade, and others well acquainted with Asiatic ports, as creating a material impediment to our commercial intercourse, especially with the islands of the East Indian Archipelago, and with those countries of Eastern Asia, with which Great Britain has hitherto had little or no communication. Your Committee are far from holding out an expectation, that the sanguine hopes entertained by some, of a rapid and great extension of traffic with Siam, Cochin China, the Persian and Arabian Gulfs, or even the Eastern Islands, will be realized in their full extent; but it is undeniable, that the chances of such extension are, in some part, wantonly thrown away, while British traders are deprived of any of the facilities of availing themselves of them, which

the natural course of things allows, and which are in the power of all other nations.

The apprehension *now* stated, of danger to the natives of the Eastern Islands, from the access of smaller vessels, which would not arise from larger vessels, appears to be quite visionary. If there is reason for apprehending danger, it is rather to the British traders from the piratical Malays; but against this danger, those who engage in the trade may be expected, for their own sakes, to take sufficient precautions, and to employ such ships only as can be safely as well as profitably navigated.

Upon this subject of the tonnage, there has been one misconception, to which your Committee find it necessary to advert. Many traders have supposed, that no British vessel of less than 350 tons burthen could legally trade, or be found to the eastward of the Cape of Good Hope. It is very important that it should be known, that the restriction imposed by the law applies only to ships clearing out from a *British* port, or entering at a *British* port, for or from a port to the eastward of the Cape. Such is the distinct enactment of the act of 1813, confirmed by subsequent acts, but never extended.*

Vessels trading under the authority of the Circuitous Trade Act, "between all ports and places within the limits of the Company's charter;"—vessels engaged in trade between Malta or Gibraltar and the East Indies;—vessels engaged in trade under the act recently passed for permitting a trade with Foreign ports, vessels from the Cape of Good Hope, (unless laden with goods from the eastward;)—in a word, all vessels not proceeding from, or bound to, the United Kingdom, are exempted from the restriction of tonnage.

* Except that the Order in Council issued on the 24th of September 1814, under the authority of the Act of Parliament, prohibits the importation from the Cape into the United Kingdom, of the produce of Countries within the limits of the charter, in vessels under 350 tons.

This fact illustrates the futility of any other reason assigned for the restriction, than that which the Company now appear to disclaim, the danger of smuggling *at home*. Danger, arising in the Eastern Islands, must be expected as much from vessels trading with the Mediterranean, or with any Foreign port in Europe or America, as from those which proceed from England.

Your Committee, therefore, with every respect due to whatever may be considered as compact with the Company, think it their duty to give it as their decided opinion, that there exists not with reference to the state, and their conviction that there exists not in any peculiar interest of the Company, any sufficient reason for the continuance of the restriction.

Your Committee now advert to the provision of the 11th section of the act of 1813, whereby British vessels are restricted from proceeding to any of the ports of India, other than the principal settlements.

Of the origin of this restriction, as well as of the necessity which now exists for continuing it, your Committee will give the words of Mr. Grant:—"With respect to the admission to the minor ports of the continent of India, the design of that restriction was, to prevent the access of vessels to places where there was no British authority on the spot, to prevent the irregularities that might ensue; there may be still some danger of this kind, but I do not hold it to be of great importance, nor do I think the Company attach any great importance to it."

Upon this subject of special licences, your Committee have been informed, that during the discussions in which they have been engaged, and subsequently to the reception of the evidence of Mr. Rickards on this subject, which will be found in their minutes, the Court of Directors of the East India Company have come to a resolution, to comply with all the applications for special licences which were then pending before them, or before the Board of Commissioners. This resolution originated in the conviction, sanctioned by the opinion of the most eminent

lawyers, that under a fair construction of the several acts, British vessels trading under the ordinary licence to one or more of the principal settlements in India, and having completed that outward voyage, may remain in India, with the right to carry on trade from port to port in India, (including the minor ports,) or any other trade within, as well as without the limits of the charter ; or may take in a homeward cargo, as well at a minor port as at a principal settlement. The rights of the British traders, independent of a licence, being thus extensive, the Court of Directors have acted with a praiseworthy liberality, in not withholding from them the only additional facility, which, under the acts, they might have refused to grant. Your Committee trust, that special licences for permission to proceed from a port of the United Kingdom to any port of India other than a principal settlement, will henceforward be granted in all instances in which they are desired.

Your Committee, however, think it right to observe, that objection has been made to the admission of British ships into the coasting trade of India, grounded upon the injury which may thereby be sustained by the India-built ships, which are not admitted into the coasting trade of this country, and have not the privileges of general trade belonging to British vessels.

Upon this objection, your Committee will observe, in the first place, that in order to remove the inequality and injustice to which it refers, they would much more willingly recommend, that the restriction imposed upon the ships of India should be removed, than that the limitation should be imposed upon the ships of England ; but, in fact, the inequality is not so great as has been supposed.

India-built ships, so far from being “precluded from carrying on the direct trade to Europe,” are by the express terms of the act 55 George III, c. 116, permitted to carry on that trade, whether directly or circuitously, as it is authorised by the acts of the 53rd and 54th of the late king. And in the act recently passed, for permitting a trade with Foreign ports, India-built ships are also specially comprehended.

The third of the restrictions, of the operation whereof your Committee have received a complaint, is that which has been imposed by repeated acts, and re-enacted, with modifications, by the act of 1813, upon the resort of individual British subjects to India, for commercial, as well as other lawful purposes.

The restrictions imposed by the Legislature upon the residence of Europeans in India, form an important part of the policy upon which the government of the British territories in that country is conducted. Your Committee feel themselves precluded from entering into a discussion of this policy. It is for them only to inquire, whether the partial modifications of it, which have been adopted by Parliament, have been so administered as to give to British commerce the utmost facilities which are consistent with the strict maintenance of the principle itself. Your Committee, indeed, find it difficult to pursue even this limited consideration, without transgressing the bounds of their duty; and they therefore think it sufficient to state, that the complaint of the operation of this restriction is by no means general; and that there is no allegation of partiality in the exercise of the powers vested in the Court of Directors and Board of Commissioners.

For a statement of the practice adopted by these authorities, in granting permission to persons to reside in India, your Committee refer to Appendix F; and they have only to add, that the provisions of the act of 1813, for preventing too large an influx of Europeans into India, is the point specially excepted from the above-mentioned reservation in the 20th section of that act. Your Committee, therefore, can only express their earnest desire, that no limitation will be imposed upon the residence of merchants and mercantile agents in India, which is not necessary for the security of the government, and the protection of the natives.

The act of 1813 imposed another restriction upon the trade with India, which is not noticed by any of the witnesses, and which, it is therefore probable, has not been attended with any

considerable inconvenience. The 10th section of that act confines importations from the places within the limits of the charter, to such ports of the United Kingdom “as shall be provided with warehouses, together with wet docks or basins, or such other securities as shall in the judgment of the Lord High Treasurer, or of the Lords Commissioners of the Treasury for the time being, or any three or more of them, in Great Britain and Ireland respectively, be fit and proper for the deposit and safe custody of all such goods, wares and merchandize, as well as for the collection of all duties payable thereon.” The ports which have been accordingly made ports of importation, are Liverpool, Hull, Greenock and Port Glasgow, Bristol, and Leith, to which must be added, the Port of London.

In their Second Report, your Committee referred to the facilities and privileges of trade with India, possessed by Foreign European nations and Americans.

The British possessions in the East are not subjected to the laws by which our Colonies in America and the West Indies are, generally, restrained from direct traffic with Foreign nations, and by which Foreign ships are prohibited from resorting to them.

The act 37 Geo. III. c. 117, empowers and directs the Court of Directors of the East India Company, with the approbation of the Commissioners for the affairs of India, “to frame such regulations for carrying on the trade to and from the British possessions in the East Indies, and the countries and states in amity with his Majesty, as shall seem to them most conducive to the interest and prosperity of the said British possessions in India, and of the British empire.”

The regulations made under the authority of this act, and now in force, as to European nations, and the Convention by which the American trade is regulated, are already before the House.*

* Bengal Regulation VII. of 1818, among the regulations of the Indian Governments, ordered to be printed 20th February 1821.—Convention with America 3rd July 1815, presented to the House the 2nd of February 1816.

Your Committee have also to advert to two points connected with the navigation laws as they affect India.

The 7th section of the act of 1813, referring to the act of the 12th of Charles II, by which the produce of countries within the limits of the charter, can only be brought into England "from the place of production, or the usual port of shipment," provides that the produce of *any* country within those limits, may be brought from any other country also situated within the limits.

12 Chas. 2, The 57th George III, cap. 95,—reciting the several acts of
 c. 13.
 15 Chas. 2, Charles II, William, Ann, and George I. whereby divers pro-
 c. 7. hibitions, regulations and provisions have been enacted, respect-
 22 & 23 Chas. ing the importation of goods and commodities of the growth,
 2, c. 26. production, and manufacture of Europe, into any of the lands,
 25 Chas. 2, &c. of his Majesty, belonging to, or in his possession, in Asia
 c. 7. Africa, or America, and also respecting the transportation of
 7 & 8 Wm. 3, certain articles of the growth, production, or manufacture of
 c. 21. British plantations in Asia, Africa, or America; and that the
 4 & 5 Ann, said provisions have been commonly supposed not to apply, and
 c. 5. have not in practice been applied, and that it is not expedient
 8 Geo. 1, that the same should be applied, to the trade of his Majesty's
 c. 18. subjects to and from the East Indies, enacts, that nothing in
 those acts, or in any other acts passed for the like purposes, con-
 tained, shall extend to exportation or importation in British or
 Indian-registered vessels, of any goods whatever, within the
 limits of the Company's charter, which, for the purposes of
 this act also, are to include the Cape of Good Hope.

Your Committee have hitherto excluded from their considera-
 tion, the trade with China, and have adverted but slightly to the
 traffic, upon which the expectation of the public has of late
 been highly raised, with the Islands of the East Indian Archi-
 pelago.

The ancient monopoly of the East India Company still
 remains, as to the trade with China, in full force and effect;
 and for the protection of this monopoly, the Company are vested

with the exclusive right of shipping or carrying tea within the whole range of their charter, and of importing it into the United Kingdom.

The East India Company attach great and just importance to this monopoly, and state that the profits of their trade with China, constitute the principal source from which their dividend is paid, and that that trade is in fact, the main prop of their financial system, in which the state has an interest neither inconsiderable nor very remote.

This monopoly, then, as far as it is confirmed by act of Parliament to the Company, is not a matter of small discussion. Whatever it may be advisable to do when the act shall expire, your Committee are far at present from the intention of suggesting the surrender of that which is, to the Company, a valuable possession, and rests on the faith of the Legislature.

Different considerations, however, apply to those branches of trade, from which his Majesty's subjects at large are precluded, by privileges vested in the Company, of which the Company do not avail themselves. Of this description, in the words of the Lords Committees, whose report has been referred to you Committee, are, "The trade in tea and other articles, between Canton and foreign Europe; the tea-trade within the limits of the Company's charter, exclusive of the ports of the Chinese empire; and the trade between Canton and the western shores of North and South America."

The operation, upon the interest of the East India Company, of the admission of private traders into those branches of traffic, is not to be measured solely by the effect which such admission would have in reducing any profits which the Company now derive from the circuitous supply of those countries with which they have no direct intercourse. That effect would probably be very little; nor do the Court of Directors, as far as your Committee are informed, attach importance to it. But the apprehension by which they profess themselves governed, in tenaciously adhering to their monopoly, is equally applicable to all

measures by which the free resort of British merchants to Canton is permitted, whatever may be the nature or destination of the commodities in which they deal.

This apprehension appears to be founded upon the belief, that under the circumstances of an open trade, disputes would arise between the British sailors and the Chinese, whereby the anger of that jealous government would be excited, of which the injurious effects would be felt by the Company, as well as by the private traders, and even put in jeopardy the continuance of the trade itself.

It is also apprehended, that if the private merchants were admitted into the tea-trade, the tea purchased by the Company might experience a deterioration in quality, or enhancement in price, which would greatly affect the Company's profits.

That the first of these consequences has not followed the progressive increase of the American trade with Canton, is attributed to an alleged difference of character and behaviour of the seamen of the two nations ; a difference, of the existence of which your Committee are by no means satisfied ; and on this subject generally, they beg to refer the House to the evidence of Mr. Drummond, a member of the House, and others who have been examined. It is, however, clear, that the American trade has never, from this cause, been impeded ; and equally true, that never till recently, and then in articles of exportation only, have the interests of the East India Company suffered by the prosecution of that trade. Nor can your Committee entertain the apprehension that greater danger will arise from the same extent of commerce transferred to, and conducted by British subjects, notwithstanding the different spirit in which, according to an apprehension stated by one of the witnesses, they might conduct the competition.

But it is here to be observed, that information has been communicated to your Committee by Mr. Grant, with permission of the Court of Directors, which places the effect of the American trade upon that of the Company, at least as to the export of British manufactures, in an entirely new light.

The following is an extract of a letter, of date so recent as the 20th of November 1820, from the supercargoes at Canton, to the Court of Directors :—

“ The very alarming inroad that is now commenced by American speculations, into a trade hitherto confined to the honourable Company, will, it is probable, soon place all certainty of calculation in its economy, at defiance. Between 3 and 4000 pieces of broad cloth have been imported under the American flag, direct from England, and by the circuitous medium of America, during the present season ; patterns of these cloths, with the prices and terms of their disposal, will be forwarded by our superintendent of imports ; a number in the Thames packet.

“ The American export trade, which has hitherto been chiefly confined to dollars, purchased at a premium in America, or shipped by a circuitous voyage in England, Lisbon and Gibraltar, has been considered as generally unprofitable. The Americans are therefore well contented to avail themselves of a channel of remittance by which they can realize the prime cost and insurance of their investment ; and are consequently enabled to undersell the honourable Company, by the absence of those heavy charges which their invoices usually bear.

“ The greatest evil, however, which we are led to anticipate from this encroachment, is, *the death blow which it inflicts upon the monopoly hitherto enjoyed by the Company* ; it is not so much the amount, as the uncertainty of that amount, which the very great fluctuation in American commerce renders totally incalculable ; and which at once converts a trade, hitherto considered as regular and secure, into a most uncertain and dangerous speculation.”

To this information, Mr. Grant refers, as showing “ that there has been, within a few years, a surreptitious export of woollens from this country, under the American flag, to Canton ; and that the effects of that export are already becoming visible in the total change of the preceding state of this matter,” namely, the Company’s export of woollens.

If then the American trade with China, no longer secondary and subordinate to that of the English Company, has indeed met it in successful rivalry, the wisdom as well as the equity of excluding British subjects from the competition, becomes more and more questionable.

It matters not, whether the adventures from which the danger to the East India Company is apprehended, are regular, or surreptitious. If, in point of fact, there exists a competition, whether from Foreigners, or from Englishmen trading as Foreigners, by which the monopoly of the Company is threatened, it will be for the Company to consider whether they will not rather permit their fellow-subjects openly and legally to participate in that competition, than to leave it uncontrolled in the hands of foreign or clandestine traders.

Your Committee are aware, that this new view of the effect of the American trader, has only recently been taken; and they are far from wishing the Company to act upon it without a careful estimation of all its consequences; but they cannot but recollect the undoubted fact, that adventures to China in American ships, have left the port of London itself, with the knowledge of the Court of Directors, who adopted no proceedings against them.

In thus referring to the trade carried on from England under the American flag, your Committee are not to be understood, as recommending an interference with that trade; such a proceeding might have no other effect than that of sending the American to foreign countries for the articles of export, which they now procure in England. They adduce the permitted existence of this trade as an illustration of the justness of their opinion, that the time is come, when the State as well as the British merchant, may fairly ask the Company, either to protect their monopoly against illegal encroachment, or to relax it in favour of their fellow-subjects regularly trading.

The question of the China monopoly has recently acquired additional importance, as considered in connexion with the trade of the East Indian Archipelago.

The solicitude to explore new channels of commerce, and some late proceedings of a very enterprising servant of the East India Company, in the Eastern seas, has led to a very general expectation of increased and valuable commercial intercourse with the islands of that Archipelago, as well as the several countries bordering upon it.

Upon the principle which your Committee have already laid down, they would not think an examination of the reasonableness of this expectation, necessary to induce them to recommend the removal of all legal restrictions, by which the trial of this or any other commercial experiment may be impeded. It would be enough to show that the restrictions were unnecessary, without any reference to the degree of advantage to be derived from the removal of them.

But in the present instance the question is somewhat different, in as much as the difficulties which, according to the opinions of well-informed persons, obstruct the extension of British trade among the Eastern islands, arise in great measure from the monopoly of the China trade ; the relaxation of which does not at this moment rest solely with Parliament.

The connexion between the China monopoly and the free trade to the Eastern islands and Cochin China, depends chiefly upon the fact, of which there is abundant evidence, that the products of those islands, though very valuable, are not suitable to any European market, or indeed to any other extensive market than that of China. Although, therefore, there appears to be among the Malays a considerable demand, capable of much extension, for British manufactures (especially cotton goods, iron and steel, copper and woollens,) no sufficient returns can be procured for these articles, otherwise than by way of China, or perhaps of Bengal, with a view to re-exportation to China, where the island-produce may be exchanged for merchandize exportable to Europe. The exportation, therefore, of our manufactures to these islands is greatly impeded by the want of a return, which nothing but a permission to seek it at Canton can ensure.

Your Committee feel themselves compelled to observe, that the objection of the Company to permitting to unlicensed British traders an intercourse with Canton, is equally applicable to this as to any other purpose of such intercourse ; and that they cannot press upon the Company more strongly in this instance than in the others, the propriety of departing from the resolution which they appear to have adopted, to adhere to their compact in respect of the China monopoly.

Your Committee, however, trust, that the operation which a relaxation of the China monopoly would have in facilitating our intercourse with the Eastern Islands, will enter largely into the consideration of the Company, when they make that review of the state of the British trade at Canton, to which the progress of the American trade will probably soon compel them.

In the correspondence which took place in the last year, between the President of the India Board, and the Chairman of the East India Company, a modification of the chartered privileges of the Company was proposed, which it was hoped would have some, at least, of the effects of an opening of the China trade, without incurring the danger attending the resort of English vessels to Canton. This proposal was, that British subjects should be permitted to take in tea at a port in the East Indian Archipelago, and to bring it, not to the United Kingdom, but to Foreign Europe, under the authority of the bill then in contemplation ; for this purpose it was suggested, that the Company might form a depôt of tea at Prince of Wales Island, or some port in the Archipelago ; or that tea might be brought to such intermediate port, with other China produce, by the ordinary country trade. The Court of Directors declined a compliance with this suggestion, for reasons which are stated in their letter of the 7th June 1820 ; and though your Committee cannot admit the force of the whole of those reasonings, yet, as the matter depends entirely upon the acquiescence of the Company. it is scarcely worth while to inquire whether a measure of this nature would provide for the British manufactures exported, the desired return cargo.

Another modification which has suggested itself, is, to admit British traders to Canton, with a prohibition from dealing in tea, and from importing into the United Kingdom.

This suggestion involves all the objections founded upon the apprehension of danger from the misconduct of our seamen, but does not, except through the means of illicit traffic, interfere with the Company's profitable monopoly. But your Committee see in the suggestion so little of advantage, that if there really exists any risk in acting upon it, they do not think it sufficient to warrant its being incurred.

The only measures which can be adopted, without the Company's concurrence, with a view to the extension and security of the Island trade, are, the occupation of a convenient port, to be administered by an officer of the Crown; the establishment of a British consulate in Java, or in some other convenient situation; and such arrangements with the Netherland government, as may ensure to British subjects an access, upon equal or fair terms, to the possessions of that government, and an unrestricted intercourse with independent native states. Your Committee have been informed, that these arrangements with the Netherland government have been matter of negotiation; and until the result of that negotiation shall have been communicated to the House, your Committee think it proper to abstain from any further discussion of the subject.

The House will find in the evidence some information respecting the Fur trade. A trade in furs from North America to China, has been carried on extensively by subjects of the United States, and in a small degree by British subjects trading under licence from the East India Company; and a new traffic of this description opens itself through the discovery of the lands of South Shetland, southward of Cape Horn. These were discovered in the latter end of 1818, by a person of the name of Smith, on his return voyage from Valparaiso to Buenos Ayres. A very valuable description of seal-skins is procured in great quantities from South Shetland, which are likely to prove an article of advantageous traffic in the China market. In no part

of the fur trade has the Company ever engaged, and it is to be hoped that they will be induced to take such measures as may prevent this promising branch of it from falling altogether into the hands of other nations, who have already begun to embark in it.

Another channel of commercial intercourse with China, has been pointed out to your Committee, which is not only valuable in itself, but important as illustrating the possibility of extending the demand of British manufactures in the Chinese provinces, if that cheap and plentiful supply can be provided, which can hardly be expected but from the enterprise of individuals.

It appears that a trade of barter had been for many years carried on between some merchants of Moscow and a few individuals of Chinese Tartary. In 1800, the two governments turned their attention to this traffic, and made it the subject of a kind of commercial treaty. Since 1811, a variety of British manufactures have found their way to Kiatcha, which is the seat of this rising traffic ; and in the last year, no inconsiderable quantity of British woollen cloths, camblets, silk handkerchiefs, muslins, and Manchester goods, in company with Foreign European produce, were bartered at Kiatcha for teas and other products of China. It appears, however, that the difficulty of thus introducing British manufactures into China, through Russia, is increasing ; a circumstance which, coupled with the evidence which the partial success of that circuitous traffic affords, of the value of the provincial market of China, ought to stimulate this country to every measure by which a more ready and direct intercourse with that great empire, may be accomplished.

In concluding this Report, your Committee have only to recur, in regard to the trade with India, to the observations which they have already made on the inexpediency of continuing the restriction upon the tonnage of vessels, if it can be done away without interfering with the rights of the East India Company ; and to repeat the expression of their hope and confidence, that the other restrictions which the system of 1813

imposes, may be put in force by the Court of Directors, and by the Commissioners for the Affairs of India, with a constant recollection of the inconvenience of all commercial restriction, and the necessity of alleviating the operation of it, wherever it cannot be removed.

As to China, it is unnecessary for them to deprecate, because the House would assuredly never contemplate, any interference by authority of Parliament, with the monopoly secured by law to the East India Company.

Nor are they prepared to recommend as desirable, independently of the consideration of public faith, any interference with that branch of the China trade, which is actually and profitably conducted by the Company, and constitutes their most plentiful resource in aiding the administration of the countries temporarily intrusted to their government.

If your Committee were clearly satisfied, that the monopoly, enjoyed and exercised by the Company, of the supply of tea to the United Kingdom, would be in great danger of being either lost or seriously injured, through the regulated admission of British traders to the ports of China, for the purpose of carrying on those branches of trade in which the Company has no immediate concern; and that this danger would be the peculiar consequence of a relaxation of the monopoly in favour of British merchants, while in the hands of Foreigners a similar traffic may flourish without injury to the Company,—they would readily admit that the duty of the Company might call on them to object to any modification whatever, in either branch of their monopoly: British subjects must, in such case, be still prohibited from resorting to Canton, and from concerning themselves directly in any branch of the trade in tea.

But, after a full consideration of the subject, and of the evidence taken by them, and communicated by the Lords, your Committee cannot concur in all the apprehensions which the East India Company appear to entertain, of the consequences of a partial relaxation of their monopoly; and on the other hand, they concur in the substance of the opinion stated in the Report

of the Committee of the Lords referred to them, that under certain regulations calculated to obviate the principal objection that has been stated, without interfering with the monopoly of the British market enjoyed by the East India Company, the British merchant might be safely admitted to a participation in the direct trade with the dominions of the Emperor of China : at the same time considering, that the monopoly, in its strictest form, is secured by law to the Company, they can only submit the evidence, and their observations upon it, to the House.